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No. 34,398 39/93 PARIS, SATURDAY-SUNDAY, OCTOBER 2-3, 1993

In India, With Each Stone Pulled Aside, a New Quake Victim

By Edward A. Gargan... KILLARI, India — The rituals of life and death were played out Friday in the aftermath of an earthquake that savaged these placid rolling farmlands.



A man grieving for his son Friday in the rubble of Talani village, one of scores leveled in the quake. For many, the day was spent unearthing remains and cremating victims.

Accord Fails In Moscow as Lawmakers Keep Arms

They Reject Agreement Signed Earlier and Vow To Seek Yeltsin's Ouster

By Fred Hiatt and Lee Hockstader... MOSCOW — A tentative agreement to defuse tensions around Russia's parliament collapsed Friday when hard-line lawmakers and their supporters inside the building refused to cede their weapons.

\$2 Billion, a 'Striking Success,' Is Pledged for Mideast

By John M. Goshko... WASHINGTON — A total of 43 countries responded Friday to United States pleas that they open their treasuries on behalf of Middle East peace and pledged \$2 billion to assist the Palestine Liberation Organization in taking administrative control of the Gaza Strip and parts of the West Bank from Israel.

See QUAKE, Page 2

Foreign Policy Under Clinton: A 'Disjunction'

By Thomas L. Friedman... WASHINGTON — The contrast between the theory and practice of the Clinton administration's foreign policy has never been more starkly apparent than in recent days.

NEWS ANALYSIS... policy of "enlargement" of American intervention abroad, as existed during the Cold War when almost every regional conflict attracted the United States, to a new kind of "containment," in which the United States gets involved only in crises that are containable, manageable, cheap and closed-ended, except in the case of mortal threats to American security.

Kiosk Mandela Appeals For Investor Aid

WASHINGTON (Reuters) — The African National Congress leader, Nelson Mandela, called on investors Friday to show the same determination in rebuilding South Africa's economy as they displayed in tearing down apartheid.



NEW ARRIVAL — The U.S. chief justice, William H. Rehnquist, welcoming Ruth Bader Ginsburg, the Supreme Court's newest justice, on Friday. The court is to begin its new term, which is heavy with unfinished civil rights business, on Monday. Page 3.

Disillusion Turns to Anger Among Hard-Hit Hard-Line Backers, Yeltsin, Jews and U.S. Are Scapegoats

By Margaret Shapiro... MOSCOW — It is hard not to feel sorry for the out-of-work stager, the poorly paid cursory school teacher or the old woman on a tiny pension who gather at the barricades surrounding Russia's parliament to shout support for the besieged legislators and then scatter in terror when the police charge with shields and riot sticks.

Table with market data: Dow Jones Up 25.99, Trib Index Up 0.31%, The Dollar, DM, Pound, Yen, FF.

Lufthansa and United to Sign Air Accord

By Brandon Mitchener... FRANKFURT — Moving quickly to gain advantage from a new U.S.-German air accord, Lufthansa will sign a cooperation agreement Monday with United Airlines for flights between North America and Europe, company and airline industry sources said Friday.

See ANGER, Page 2... Bestly Traffic? Here's a Solution... LISBON — It may not have plush seats or a tape deck, but if you want to speed through Lisbon's traffic, try a donkey.

Mediators for Bosnia See No Value Now in Talks

Compiled by Our Staff From Dispatches
GENEVA — The international mediators in the war in Bosnia-Herzegovina said Friday that there was no point in trying to resume peace talks in the immediate future.

The decision came as a Croatian attack on Muslim refugees and reports of a new Serbian torture campaign added to fears of serious new eruptions in the 18-month Bosnian war.

"We feel the best thing is to let the political dust settle a little and encourage bilateral discussions between the parties," said Lord Owen, the European Community mediator, after he and Thorvald Stoltenberg, the United Nations envoy, held talks here with the commander of UN forces in the former Yugoslavia, General Jean Cot.

Their decision on the talks came after rejection by the Muslim-dominated parliament of Bosnia of a peace plan earlier this week as providing too little territory for the proposed Muslim republic. The mediators

made it clear that they had no alternative to the plan.

"We are certainly ready to call people together when we think it can achieve some results," Lord Owen said.

Referring to the Bosnian Serb, Croat and Muslim-dominated government negotiating teams, Lord Owen said: "There is perhaps too great a tendency for the parties to believe that all they need to do is to turn up in Geneva."

He added: "That is not enough. There has to be a readiness to compromise and a readiness to reach agreement, and I don't think we are going to find that atmosphere as yet between the parties."

But Lord Owen stressed that he was not writing off the peace process, which, he said, "would be very unwise."

A Croatian attack on Muslim refugees and reports of a new Serbian torture campaign added the danger of new fighting.

A UN official said Bosnian Serbs had

launched a campaign against Muslims and Croats in the Banja Luka region, including rape, torture and beatings, apparently aimed at driving them from the area.

Civilians were also victims in the disputed town of Mostar, where Bosnian Croatians shot to death two Muslim refugees in a group of nearly 400 they expelled under fire, according to a UN military spokesman said.

The expulsion came after the Bosnian Croatian parliament voted to mobilize troops and withdraw all concessions made as part of a Geneva peace deal if the mainly Muslim Bosnian government did not accept the plan unconditionally.

The Muslims agreed to the plan creating Serbian, Croatian and Muslim ministries out of Bosnia, but only if the Serbs and the Croats gave back more of the land that they have taken in the fighting.

The Bosnian Serbian leader, Radovan Karadzic, also threatened to take back terri-

torial concessions if the Muslims did not accept the plan.

In another development, the chairman of a UN commission investigating war crimes in the former Yugoslavia said he had resigned because of frustration at UN bureaucracy and obstruction by Western governments had harmed his health.

"The commission did not have the full political support of major governments," said Frits Kalshoven, a retired law professor, speaking by telephone from his home in Leiden, Holland.

Mr. Kalshoven asserted that France, Britain, Italy and Germany had refused to cooperate with the five-man commission, depriving it of the resources it needed to do its work. He said that the United States, Canada, Norway and the Netherlands had supported the commission, but that once money had been secured the United Nations had been slow to make it available. (AP, Reuters)

East Europe Waves Off NATO Stand By Yeltsin

Compiled by Our Staff From Dispatches
WARSAW — East European nations shrugged off President Boris N. Yeltsin's opposition to their joining NATO, saying Friday that the alliance offered the only sure source of security at a time of upheaval in the former Soviet bloc.

Mr. Yeltsin, in a letter to the U.S., French, British and German governments, said that the agreement on German reunification signed by those states and his own barred the opening of NATO membership to former Communist nations.

In Poland, the president's office and the foreign minister said they had not been officially informed of Mr. Yeltsin's new position. But the presidential spokesman, Andrzej Drzyzdzinski, said that Poland was a sovereign country and wanted to join the North Atlantic Treaty Organization.

A Foreign Ministry spokesman, Grzegorz Dacimowicz, said that NATO now represented the only guarantee of security in Europe.

"The situation in the east of the continent is shifting and could present a danger for security," he said.

Poland asked NATO last month to set a timetable for Eastern states to become members. Warsaw asked that this be done by NATO's January summit meeting.

In Hungary, a Foreign Ministry spokesman said the "policy to become a full member of NATO remains unchanged." The spokesman said Budapest had not been officially informed of Mr. Yeltsin's position.

Prime Minister Jozsef Antall wrote to Mr. Yeltsin recently to say that the Hungary's efforts to strengthen ties with NATO were part of its attempt at greater European integration, and that Budapest would never support policies aimed against Moscow.

Istvan Gyarmathy, the head of the Foreign Ministry's security policy department, said Mr. Yeltsin's letter to the Western governments "manifests a struggle between various interest groups in Russia."

In Romania, the presidential spokesman, Traian Chebele, said that Bucharest "did not need to ask permission" from Russia to join NATO.

A spokesman for the Czech government, Ladislav Fistrva, said the "different signals" coming out of Russia should be seen "in the very confused context of the current political crisis in Russia." (AP, Reuters)

WORLD BRIEFS

Hurd Vows Hong Kong Vote in '95

UNITED NATIONS, New York (AFP) — Britain will hold elections in Hong Kong in 1995 on its own terms if it fails to reach agreement on the issue with China, Foreign Secretary Douglas Hurd said here Friday.

"If we can reach agreement, that will be much the best outcome," Mr. Hurd said after meeting with the Chinese foreign minister, Qian Qichen. "If we can't reach agreement then we will have to take our responsibilities, responsibilities which we now hold under the Joint Declaration, for the administration of Hong Kong."

Mr. Hurd said that the government would have to put draft legislation before the Legislative Council to pass the necessary laws for elections in 1995 that would be "fair and open and acceptable to the people of Hong Kong." He added, "We haven't set a deadline, but obviously talks can't go on indefinitely."

Atomic Agency Presses North Korea

VIENNA (Reuters) — The International Atomic Energy Agency urged North Korea in a resolution Friday to cooperate immediately with the agency and open up suspected nuclear sites for inspection.

The resolution won the backing of 72 member states at the agency's annual conference in Vienna, but it fell short of sending the matter to the UN Security Council, as it had earlier this year.

North Korea and Libya voted against the resolution. China, Pyongyang's traditional ally, abstained in the vote, as did India and Pakistan and eight other member states. The North Korean delegate denounced the vote as unjust and said Pyongyang "regrets what is a violation of the sovereignty of our country." The co-sponsors of the resolution, the delegate said, "should bear full responsibility for the consequences."

Khmer Rouge Chief Visits Sihanouk

PHNOM PENH (AP) — The leader of the Khmer Rouge, Khieu Samphan, announced his support Friday for Cambodia's king and the new constitution. But fighting between his guerrillas and government forces was reported in the countryside. The declaration itself appeared to be another attempt by the Khmer Rouge to bolster its influence by entering the government.

A half-dozen guards from the Royal Palace, armed with machine guns, kept journalists back from the Khmer Rouge leader, who called on King Sihanouk, and tried to prevent them from asking questions by kicking them. But as Mr. Khieu Samphan was making his way to a waiting palace car, he denied his group was still attacking government forces. "We are not fighting anyone," he said. "We are defending ourselves."

Since the election victory by a pro-Sihanouk party last May, the Khmer Rouge has sought to join the new administration, but at the same time has continued skirmishes with government forces in the countryside.

At UN, a Move to Restrict Libya More

UNITED NATIONS, New York (Reuters) — The United States, Britain and France formally introduced a Security Council resolution on Friday to tighten sanctions against Libya for the 1988 bombing of a Pan American World Airlines jumbo jet. But Tripoli has been granted some extra time before the measures are adopted.

The resolution, which bans the sale to Libya of some oil-related equipment and freezes some financial assets, is meant to put pressure on Tripoli to allow two suspects accused of the bombing over Lockerbie, Scotland, to stand trial in Britain or in the United States.

Oil production will not be banned. The council in April 1992 imposed an air and arms embargo on Libya and a downgrading of diplomatic ties. A senior diplomat said the three allies would press for passage of the resolution next week unless the Libyans informed Secretary-General Butros Butros Ghali "in a formal way" that the two men would surrender within two weeks.

2d Front Opens in Georgian Conflict

TBILISI, Georgia (AP) — Government troops retreating from the breakaway region of Abkhazia clashed Friday with paramilitary forces intent on restoring the former Georgian president, Zviad K. Gamsakhurdia, to power.

The new fighting deepened the crisis facing the Georgian leader, Eduard A. Shevardnadze. His demoralized, poorly disciplined army now is fighting on two fronts, against the Abkhazians and against supporters of Mr. Gamsakhurdia, the country's first democratically elected president who was deposed in January 1992 by former allies who accused him of dictatorship.

The retreating government troops fought with Mr. Gamsakhurdia's gunmen along the border between Abkhazia and the neighboring province of Mingrelia. An Interior Ministry spokesman said the rebel gunmen captured a police commander and seized weapons from a unit of 120 government soldiers. Government officials said they believed the commander was being held in Zugdidi, capital of Mingrelia.

For the Record

Rates soared in southeastern France on Friday, forcing hundreds to flee their homes and killing a winery owner and a Dutch tourist, authorities said Friday. Similar weather paralyzed Rome during rush hour, and an Air France plane struck by lightning shortly after takeoff from Fiumicino Airport was forced to return for an emergency landing. (AP, Reuters)

Correction

An article Friday in the Business/Finance pages on the Uruguay Round of world trade talks erroneously attributed a remark to David Woods, the spokesman for the General Agreement on Tariffs and Trade. The remark was made by a British official who requested anonymity.

TRAVEL UPDATE

French Rail Workers Set for a Strike

PARIS (Reuters) — French rail workers threatened Friday to strike for as long as four days next week to protest a wage freeze. Two trade unions told the state-owned SNCF railroad that they planned a walkout all day Monday until 8 A.M. Tuesday. A third union plans to strike from 8 P.M. Tuesday until 8 A.M. Thursday.

The SNCF said in a statement that train services were expected to be virtually unaffected Monday in the Paris region except on local lines heading north and northeast, where two out of three trains were forecast to run. Slight disruptions were expected for the heavily used southeastern TGV high-speed line.

Queen's Palace Rings Up a Success

LONDON (Reuters) — Queen Elizabeth II closed the doors of Buckingham Palace to the last of about 400,000 visitors Friday, ending an eight-week experiment that may be repeated. The visits were considered a success that could earn the queen nearly £2 million (about \$3 million). Final figures were not yet available. The tours cost £8.

The queen decided in April to open some state rooms in the palace to the public to help pay for repairs to Windsor Castle, which was damaged by a fire. This is expected to cost around £40 million.

An campaign by Belgian animal-lovers, who threatened to demonstrate, has forced the government to break a 136-year tradition and ban a horse race Tuesday through the streets of the Flanders village of Sint-Eloois-Winkel as a danger to the public safety. (AFP)

ANGER: Moscow Targets

Continued from Page 1

ited by Mr. Yeltsin's rule, he said, are "mafia structures" and the "upper crust" in the United States and elsewhere.

"It all became clear to me," said Mr. Kotelevsky, an unemployed stagehand with six children. "It turns out the president of the United States not only supports Yeltsin but gives him instructions through the Foreign Ministry."

The sense of impoverishment among these demonstrators is widespread, and they have little good to say about free-market economics. There are more items on once-barren store shelves, but they are not affordable, they said. More galling, they say, is that some Russians get richer, reveling in the chaotic capitalism that is so frightening and disgusting to many of these people.

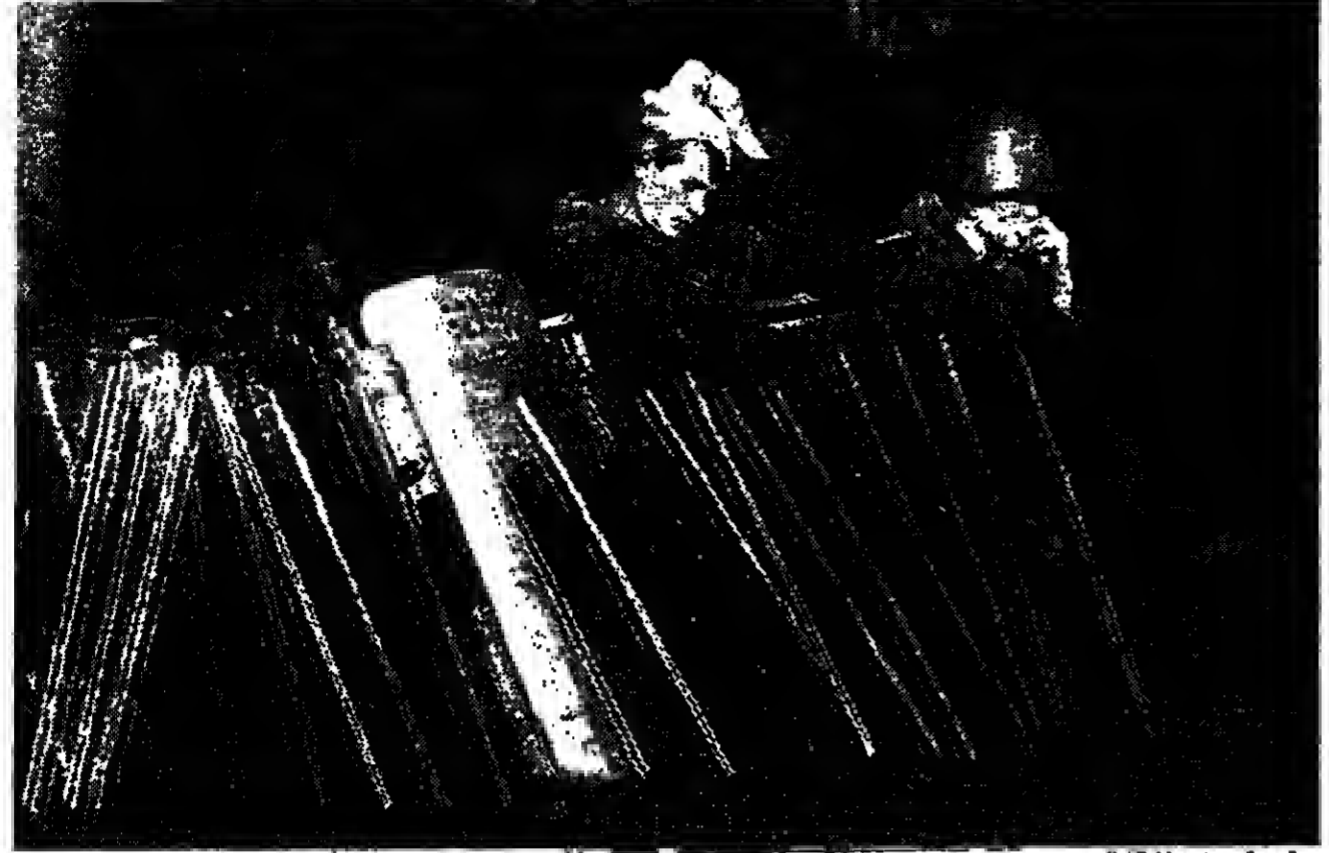
For people brought up on an official ideology of equality, where everyone may have been poor but at least equally poor, the fur coats, imported cars and crass extravagance of Russia's new rich are hard to take. "We have a bunch of rich people, while the rest of us get poorer and poorer," Mr. Kotelevsky said.

"I was a teacher," Miss Polkad said, "now I am just a beggar." She added that she got a pension of 17,000 rubles (about \$15) a month, less than half the average wage in Russia. "I can not afford to buy anything to eat," she said.

As she began to blame Jews for Russia's troubles, many in the crowd around her murmured their agreement. "Television is captured by Jews," she said. "Radio Russia is only Jews. And they don't let us say a word. We don't see any light at the end of the tunnel. We've seen this trend for many years, but it is especially acute right now."

There was a loud crash as two dozen Interior Ministry policemen prodded their shields against the ground to signal a new charge. Up the hill they came, pushing and prodding the demonstrators and telling them to leave.

"Can you see this, can you see this?" a protester shouted as a policeman pushed her along. "This is what we have come to."



Militiamen taking a break Friday next to a stack of riot shields as the barricading of the parliament building continued in Moscow.

RUSSIA: Accord Collapses as Hard-Liners Refuse to Give Up Weapons

Continued from Page 1

price increases on bread, scheduled for Oct. 15, now might have to be delayed.

Mr. Yeltsin provoked the gravest crisis of his office when he sought to end a two-year stalemate by dissolving parliament and calling elections to a new legislature for Dec. 12. The president said the Soviet-era legislature had become an unacceptable obstacle to democratic and free-market reform.

Parliament responded by voting to impeach Mr. Yeltsin and install in his place Vice President Alexander V. Rutskoi, a one-time ally turned bitter foe. Mr. Rutskoi and his supporters, including as many as 200 of the parliament's 1,040 deputies, have remained inside parliament.

Government officials said Friday that more than 1,000 people remained inside parliament. Mr. Rutskoi himself, a former air force pilot, has been seen wandering the building with an automatic weapon in recent days.

Pro-Yeltsin officials also said that negotiating an end to the crisis would be difficult in part because it was not clear whether anyone was in control of the armed formations inside the parliament.

They said the vigilantes include include fighters from all corners of the former Soviet Union and beyond, including secret policemen from Latvia, Osetia and Trans-Dniestr Russian nationalists and Yugoslavs.

Interviews with dozens of soldiers, security guards, Cossacks and other vigilantes inside parliament confirmed the impression

that divided allegiances would make negotiations difficult.

Some of the armed men swore allegiance to Mr. Rutskoi, a few to Mr. Khabalov and many expressed distaste for both. Some said they had come to defend parliament against Mr. Yeltsin, some against the mafia, some against a vague Zionist conspiracy.

Interior Ministry officials said they would keep a police cordon around the building until those inside gave up their arms.

"Of course, we will not resort to force, because we do not want bloodshed," Mr. Yeltsin said. "But neither do we want those militants sitting there."

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QUAKE: Under Each Stone, Another Crushed Victim

Continued from Page 1

praying. Those who went home and slept all died."

Mr. Bhoole, who gave his age as "75 plus 1," stood outside the shell of his home, only its walls jutting up like a jaw of teeth. "Seven of my family were removed from this house," he said. "All together 25 people lived here. Seven more are in the hospital, in Lanur."

Latur is a town about 50 kilometers north of here.

Not far away, across fields of brilliant yellow sunflowers, the village of Pethsanghvi has disappeared. Mounds of rock and dirt are spread through what was once a settlement of 3,000.

Atop one hill of collapsed houses, young men in the uniform of the volunteer National Cadet Corps, a social work organization, dug furiously into the wreckage. In some places, the edge of a shirt protruded; elsewhere a leg or a hand was barely visible above the rubble. With each shovel of dirt, or beam pulled aside, the outlines of another victim became visible.

"We took two bodies here so far," said Major Satish Chandran Kavara, who was directing his young volunteers. "We might find others, so we are digging." As he talked, a stench rose from the ruins, forcing the young volunteers to cover their faces with handkerchiefs.

Dhonda Vai, who said she was about 60, stood precariously atop the wreckage of her home, moaning softly, her eyes desperate. "I was sweeping just outside the house," she said. "They all died." She watched as a relative's body was unearched and gently carried away in a makeshift burlap sling. The body was placed in a courtyard, joining seven others. A relief worker quietly quizzed villagers for the name of the latest victim, and wrote it on a notepad.

While the relief workers dug for bodies, survivors dug for what belongings they could salvage. On one hill, an old man stabbed at the wreckage of his home with a long stick. Suddenly, he dropped his stick and yanked a dented cooking pot from the rubble.

A young man, Laloo Ambade, the right side of his face blackened by a deep bruise, stared as workers sifted through his home.

"That was my house," he said. "I lost my mother, my father, my brother, five people. It happened very early. It was very dark and we were all sleeping. When the earth shook, I held onto some bamboo and managed to crawl out. I heard them crying, but I couldn't help."

Below him, on the narrow passage among the drifts of ruined houses, an old man wailed, "Ma, Ma, Ma."

Yeltsin Trims Plan for First Japan Trip

Agence France-Press

TOKYO — The Japanese government officially announced Friday that President Boris N. Yeltsin would make his first visit to Japan, but disclosed that the stay would be less than 48 hours at Russian request.

Mr. Yeltsin, who initially was scheduled to stay three days, will arrive on the evening of Oct. 11 and leave on the afternoon of Oct. 13, the Japanese Foreign Ministry said.

He will have several meetings with Prime Minister Morihiro Hosokawa and an audience with

Emperor Akihito. Talks with business leaders also have been scheduled.

Mr. Yeltsin has twice tried to visit Japan but on each occasion has canceled. Japanese officials have been skeptical that the latest attempt will succeed, given Mr. Yeltsin's battle for Russia's political future with conservatives in the Russian parliament.

If the visit does go ahead, it will be a delicate exercise for Mr. Yeltsin, given the continuing dispute with Japan over islands in the Kuril chain that were seized by the Soviet Union in the last days of World War II, analysts said.

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MIDEAST: \$2 Billion, a 'Striking Success,' Is Pledged for Palestinians

Continued from Page 1

"I am confident that in the course of time we will get the boycott lifted," Mr. Clinton said in response to similar questions.

News agencies reported:
 Mr. Parris and Jordan's crown prince announced that they had agreed to establish a joint economic committee and work together on economic and environmental matters. The agreement comes even before the two countries settle security and border issues. As part of the agreement, Jordan would receive part of the Palestinian aid funds pledged at the donor conference on Friday.

"There are very immediate and pressing needs in the West Bank, and they have to be attended quickly," Mr. Benetton said as the conference ended.

Mr. Arafat, speaking in Tunis on Friday evening, added that the Palestinians would need to "start from zero" to rebuild their shattered infrastructure in the Israeli occupied territories.

The money is intended to provide economic and social improvements in the impoverished Gaza Strip and West Bank.

The PLO-Israeli peace agreement, which takes effect Oct. 13, calls for quick withdrawal of Israeli troops from Gaza and the West Bank towns of Jericho, with limited Palestinian self-rule in those areas plus the rest of the West Bank.

Both Mr. Benetton and Mr. Christopher discounted reports of a disagreement between the United States, which offered to coordinate contributions, and the European Community, which said it already had EC coordinating mechanisms in place.

Mr. Christopher said a liaison committee had been formed to work with the World Bank and other organizations to direct funding. The Belgian foreign minister, Willy Claes, who represented the EC at the conference, said the committee would be effective in coordinating donations.

Saudi Arabia pledged \$100 million for the first year, with intentions that this level of funding could continue for at least a decade for a total of \$1 billion.

But Yasser Arafat, the PLO chairman, said Friday that the \$2 billion in pledges was not enough and that the Palestinians needed at least \$5 billion.

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MEMORIAL NOTICE

All the friends of
ALEXANDRA TUTTLE
 are invited to attend a Memorial Service at the Scots Kirk, 17, rue Bayard, Paris 8, on Sunday October 3, at 12 noon.

AIRLINES: Lufthansa and United Airlines Set a Cooperation Accord

Continued from Page 1

next 140 flights a week with a U.S. partner, giving German passengers easier access to U.S. cities. The number may double in a year and rise to 350 flights a week by the middle of the 1990s.

Officially, Lufthansa declined to confirm the identity of its future partner, but industry sources and circumstantial evidence all point to United, a unit of UAL Corp. Sources said a top United official would be present at the news conference.

Industry analysts said the agreement would enhance the competitiveness of Lufthansa and United on North Atlantic routes by attracting passengers who otherwise would have flown on other airlines.

"For the airline industry as a whole, it's a zero-sum game," said Glenn Engel, an airline industry analyst at Goldman Sachs in New York, meaning it adds no new passengers.

The U.S.-German air pact signed Sept. 24 allows Lufthansa to con-

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STATESIDE / THE WACO DEATHS

In Davidians' Trial, Defense Could Hinge on U.S. Officials' Admitted Lies

By Sam Howe Verhovek
New York Times Service

HOUSTON — While the Treasury Department was categorical in condemning the mistakes by senior officials in charge of the Feb. 28 raid on the Branch Davidians compound, the impact on the coming trial of 11 cult members accused of murdering federal agents was the subject of sharp dispute.

Lawyers for some of the surviving Branch Davidians were quick to predict that the Treasury review's general depiction of government failures, confusion and lies would bolster the Branch Davidians' case that bullets fired by cult members during the shoot-out came in self-defense. Four agents of the Bureau of Alcohol, Tobacco and Firearms (ATF) were killed in the shoot-out and 20 were wounded.

But as much as they criticized the operation, both Treasury Secretary Lloyd Bentsen and Assistant Treasury Secretary Ronald Noble, who oversaw the report, were firm in saying that they believed that the first gunshots were fired by cult members under orders from their leader, David Koresh.

In fact, they said, earlier tip-offs to the cult allowed Mr. Koresh to put gunfighters in place to carry out a deadly assault on the agents.

But a lawyer for David Thibodeau, a surviving cult member who is not one of the 11 charged, predicted that the report's overall depiction of mistakes and lies by government officials would be extremely influential with the jury that must sort out what happened on the day of the raid. That will be especially true, he said, if the case comes down to the Davidians' word against that of the Bureau of Alcohol, Tobacco and Firearms.

"Our clients said the feds were lying all along, and they were," said the lawyer, Gary Richardson. "What our clients were telling us was true. Heads would roll when the truth eventually came out. That's just what happened."

A spokesman for the firearms agency said in Waco at one point that the government had aerial videotape that would conclusively show the cult members fired first. But the film, if it exists, has never been made public, and a jury addressing that question may ultimately have only the testimony of the combatants to go on.

The trial of the Branch Davidians, which had been due to start in early November, was put off for at least two months and has been bogged down in pretrial motions.

In its report, the Justice Department concluded that law enforcement officials botched virtually every aspect of their plan to capture Mr. Koresh, then misled investigators and Congress about their mistakes.

In a detailed report of mistakes and mendacity in the top ranks of the Bureau of Alcohol, Tobacco and Firearms, the department offered new information about the law enforcement operation.

It is a devastating critique of an obscure Treasury agency already teetering on the verge of extinction under an administration proposal to hand its duties to the Internal Revenue Service and the FBI.

The report said that senior agency officials went to even greater lengths than previously believed to deceive investigators and Congress.

It said officials had changed a written record of the plan after the raid in a self-serving way, and then lied about the alterations.

It also noted: "There may be occasions when pressing operational considerations — or legal constraints — prevent law enforcement officials from being less than completely candid in their public utterances. This was not one of them. And a desire to shield one's agency from public criticism cannot justify false or misleading pronouncements on matters of clear public concern."

The Treasury report deals with only part of the government's handling of the Branch Davidian cult: the original raid on its compound on Feb. 28 and the gun battle that resulted, ending with four U.S. agents and six cult members dead.

Next week, the Justice Department is planning to publish its review of the 51-day standoff that followed the raid and ended with the April 19 fire.

The authorities said 85 people died in that fire.

POLITICAL NOTES

Staff Cuts Are for Real, White House Says

WASHINGTON — President Bill Clinton says he has met his campaign pledge to reduce the White House staff by 25 percent, but Republican critics in Congress have accused him of using gimmicks. According to administration officials, there are 1,005 employees working at the White House — or 389 fewer than in November 1992, when Mr. Clinton was elected. But 40 percent of that reduction comes not from eliminating jobs but by reassigning to other government agencies employees who had been on loan to the White House.

Many of the positions that were actually eliminated came from the Office of Drug Control Policy, which has been reduced to 25 workers from 112.

Mr. Clinton and his aides said they had met both the letter and spirit of the campaign promise and that many White House employees were working longer and harder days as a result of it.

"We have cut it," the president said Thursday. "I can guarantee people around here have been complaining about it because we're handling more mail, doing more work and carrying a bigger load than this White House has carried in more than a dozen years, and we're doing it with fewer people." (NYT)

Closing the Back Door on Special Interests

WASHINGTON — President Clinton has ordered substantial changes in the way the executive branch formulates regulations, saying that the new policy would end the "back door access" to rulemakers enjoyed by special interest groups during the Bush administration.

Mr. Clinton's order puts new restrictions on the ways White House and Office of Management and Budget officials can intervene in reviewing regulations proposed by federal agencies in areas such as environmental protection and occupational safety.

Such intervention became a source of controversy during the Reagan and Bush administrations. Critics claimed that during the Bush administration the Council on Competitiveness, headed by Vice

President Dan Quayle, reviewed and sometimes altered government regulatory proposals out of public view. The council included members of private business.

Mr. Clinton's order requires that communications of White House and budget office staff with outside interests concerning regulations be made in writing and placed in a public file. It also calls for a timetable for reviewing rules, and cuts down the number of rules the budget office may review. (UPI)

Plutonium Is Issue as Senate Backs Reactor

WASHINGTON — The Senate voted to continue development of an experimental nuclear reactor that could be used to create plutonium while generating electricity, rejecting arguments that the reactor would undermine the Clinton administration's efforts to limit worldwide use of plutonium.

By 53 to 45, the Senate killed an attempt by Senator John F. Kerry, Democrat of Massachusetts, to delete financing for the project, the Advanced Liquid Metal Reactor, from the \$22 billion energy and water appropriations bill for fiscal 1994.

Environmental, scientific and anti-nuclear groups were virtually unanimous in opposing development of the reactor. But Senator J. Bennett Johnston, Democrat of Louisiana and a supporter of the project, prevailed by arguing that the technology holds promise as a way of getting rid of surplus plutonium.

The House voted by a wide margin in June to cancel financing for the reactor, so its fate remains in doubt. The amount of money involved — \$30.4 million in the coming year — is relatively insignificant. But the debate was intense because the real subject was nuclear nonproliferation policy and the lack of consensus over what to do with the nation's growing stockpile of surplus plutonium. (UPI)

Quote/Unquote

General Colin L. Powell, on his last day as chairman of the Joint Chiefs of Staff: "It's hard to leave." (AP)



HUGS TO THE CHIEF — General Colin L. Powell and his wife, Alma, being embraced by former Vice President Dan Quayle and his wife, Marilyn, at a ceremony in Arlington, Virginia, marking the general's retirement as chairman of the Joint Chiefs of Staff.

6 Days Before War In Korea, the CIA Misread the Signs

By Douglas Jehl
New York Times Service

WASHINGTON — A document released by the Central Intelligence Agency shows that U.S. intelligence agencies failed to recognize that the Korean War was imminent only six days before it began.

Despite a buildup of North Korean troops along the 38th parallel, a formal estimate dated June 19, 1950, and approved by the director of central intelligence at the time, General Walter Bedell Smith, said an invasion of South Korea by North Korea had been put off in favor of a campaign of propaganda and subversion.

Instead, the North Korean forces attacked across the border on June 25 to begin a war that lasted nearly three years, brought the United Nations to the defense of South Korea, and cost the lives of more than 50,000 U.S. soldiers.

The document, known as O.R.E. 18-50, had remained classified as secret since it was drafted 43 years ago. It was released Thursday along with 276 other intelligence estimates, the most important analytical product produced by U.S. intelligence agencies, between 1947 and 1963. The release is part of a new policy of the CIA to open some of its archives.

The early Cold War documents have been transferred to the National Archives, where they are to be made available to scholars for the first time on Monday.

The June 1950 assessment of "Current Capabilities of the Northern Korean Regime" provides a new glimpse of a failure by the CIA, three years after it was established, to recognize warning signs of a surprise attack.

David Gries, current director of the CIA's Center for the Study of Intelligence, describes the document as a "great big wart" on the agency's history.

Yet, among the newly declassified documents, the majority of the assessments proved to be accurate. They include a prediction Nov. 6, 1956, that the Soviet Union would not intervene in the Suez Crisis; and a judgment Sept. 16, 1958, that it was "unlikely" that China would invade Quemoy or Matsu, the offshore islands the United States had vowed to defend.

An assessment written on March 12, 1953, reflected wariness about the apparent succession of Georgi M. Malenkov to the leadership of the Soviet Union.

It said the death of Stalin eight days earlier "removes an autocrat who, while ruthless and determined to spread Soviet power, did not allow his ambitions to lead him into reckless courses of action in his foreign policy."

The intelligence estimate warned that "it would be unsafe to assume that the new Soviet regime will have Stalin's skill in avoiding general war."

Question of Nuclear Arms
The declassified CIA files also show that U.S. intelligence agencies

Justices' Agenda Is Heavy on Unfinished Civil Rights Cases

By Linda Greenhouse
New York Times Service

WASHINGTON — The Supreme Court's docket for the term that begins Monday is sparse in numbers but heavy with the unfinished business of past years, particularly in the area of civil rights.

The newest justice, Ruth Bader Ginsburg, who made her mark as a pioneer for women's rights in arguing landmark sex discrimination cases before the court, has arrived to find an unusually wide array of discrimination cases already accepted for argument. Most raise questions that the court has left unanswered in earlier rulings.

For example, one case calls on the court to specify what an employer needs to show to prove a case of sexual harassment, which the court first defined in 1986 as a form of employment discrimination that is subject to attack under federal law.

And, in a jury selection case, the court is being asked to extend to sex the same principle it has already established for race and rule that lawyers may not use their peremptory challenges to eliminate prospective jurors on the basis of sex.

The justices will also decide whether the Civil Rights Act of 1991, which Congress passed to overturn a string of Supreme Court decisions that narrowed federal civil rights coverage in 1989, applies retroactively to the thousands of cases that were pending when the new law took effect.

Voting rights cases are also prominent on the court's civil rights agenda. Decisions in cases from Florida and Georgia may show whether the justices meant to embark on a fundamental re-examination of the role of race in electoral politics when they ruled last term that an oddly shaped North Carolina congressional district, drawn to

elect a black representative, was a presumptively unconstitutional racial gerrymander.

The court has so far chosen only 51 cases for argument during the new term, compared with 66 at this time last year and 70 the year before. The current number was even smaller until this week, when the justices met for a day and a half to review the 1,500 new appeals that had accumulated over the summer.

When their conference was over Tuesday, they took the highly unusual step of jumping the gun on the traditional first Monday in October and announced that they had accepted seven new cases for argument.

The early announcement was essentially a housekeeping measure, giving the lawyers a head start in preparing briefs that must be filed on an unusually tight timetable to be ready for argument in early January.

But it underscored the effect of a shrinking docket that the court has never fully explained.

Without the acceleration, the court, which tries to spread its arguments equally throughout the term and had already selected the cases for October through December, faced an awkward dearth of cases that could be fully prepared in time for January arguments. More cases for the following months will be added in the coming weeks.

So far, the docket for the new term bears relatively few criminal cases, no affirmative action cases and no cases on the relationship between church and state, to which the court has paid much attention in the last few years.

The docket is sufficiently narrow, in fact, that it is possible that by the time the term ends in late June, Justice Ginsburg will not

yet have had the chance to express herself on some of the most hotly contested areas of the court's work.

But her influence is likely to be felt quickly nonetheless. The court has been closely divided in the civil rights area, for example, Justice Byron White, whom she succeeded, often voted for narrow interpretations of federal anti-discrimination laws, and Justice Ginsburg is likely to cast more liberal votes in those cases.

Her vote could also make an important difference in the criminal area if she chooses a more liberal path than Justice White.

Change has been a constant at the court in recent years, with five new justices since 1986. Retirement rumors are common, but it would surprise few people if Justice Harry Blackmun, 84, and with 23 years' service, the senior associate justice, decides to retire at the end of this term.

AMERICAN TOPICS

Amputation Survivor Wearies of Celebrity

Eighteen months ago, farm machinery tore off both arms of John Wayne Thompson of Hurdfield, North Dakota, just below the shoulder. The youth, then 18, staggered 100 yards to his house, turned the doorknob with his mouth, and phoned for help by punching the numbers with a pen clamped in his teeth. While waiting for an ambulance, he crouched in the bathtub to avoid dripping blood on his mother's carpet. In a five-hour operation, microsurgeons matched up nerves and blood vessels.

When this story of true grit hit the newspapers and air waves, well-wishers raised \$700,000 to help the farm youth get on with his life, and he still has \$500,000 of that.

The Los Angeles Times reports that, after 15 operations, the young man has made a remarkable but hardly total recovery. His forearms do not rotate, and his fingers are curled into claws, unable to grasp. More surgery should enable his hands to open, and further nerve regeneration may make some touch in his fingers. He can do most things for himself, even drive a car.

Control and Prevention reported 62.1 births, up from 59.9 the year before.

Away From Politics

Does giving addicts clean needles help prevent the spread of AIDS? A government study has concluded that it does, and that Washington should finance a significant expansion of such programs.

Disastrous conditions in schools have not improved four years after a bipartisan panel focused on the problem, education officials have announced. Education Secretary Richard W. Riley said action was needed to progress toward the goals that Republican and Democratic governors, along with the White House, endorsed in 1989.

The pregnancy rate of American teenagers has risen for the fifth year in a row. For every 1,000 women 15 to 19 in 1991, the Centers for Disease

Short Takes

Chinese restaurants report losing up to 35 percent of their business following a widely publicized study by the Center for Science in the Public Interest, a Washington-based nonprofit consumer group, that found high levels of sodium, fat and cholesterol in some of the most popular Chinese dishes. The restaurateurs are fighting back. In New York, they have printed signs that say, "We at (name of restaurant here) care about your health. Our chefs prepare any order according to your dietary needs and preferences. Try our no-oil steamed dishes with our delicious sauces on the side. Brown rice as an extra charge." Or as Charlie Chiang of suburban Washington put it, "If you want us to hold the sauce, we can. If you want a dish steamed, rather than fried or stir-fried, we can do that."

Various kits, guidebooks and cassette tapes offer instruction in writing do-it-yourself wills. They cost \$15 to \$50, compared with \$100 or more to ask a lawyer to

draw up the will. Are kits a good idea? Perhaps "for a simple will in which everything goes to your spouse or your children," says Arthur W. Murphy, who teaches trusts and estates at the Columbia University Law School. But a lawyer should be consulted for anything complicated — if you own a share in a small business, or want to disinherit your spouse or your children, or if you are married and have children from a previous marriage — or if you are concerned that the will might be challenged.

Despite the train wreck that killed 47 people in Alabama last month, trains are a relatively safe form of travel. According to the U.S. National Center for Health Statistics, 19.2 people out of every 100,000 are killed in automobile accidents each year, compared to 0.5 in airplanes and 0.2 in trains.

Shorter Takes: The card game of Old Maid has been modernized by two Chicago women and is now called Old Bachelor. The women's occupations on the cards also have been updated, for example from librarian or schoolteacher to judge or cardiologist. Or as Charlie Chiang of suburban Washington put it, "If you want us to hold the sauce, we can. If you want a dish steamed, rather than fried or stir-fried, we can do that."

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UN Will Rely on Haitians to Keep Order

By Steven A. Holmes
New York Times Service

WASHINGTON — Despite growing violence, the 1,300-man United Nations mission that is being sent to Haiti will rely on the Haitian troops and policemen to maintain order. Those groups have been held largely responsible for the politically motivated killings in the first place.

American officials and other Western diplomats said the troops and police officers who will make up the UN force would be lightly armed and would have no mandate to stop Haitian soldiers and paramilitary elements from committing atrocities.

"It is not a peacekeeping role," Secretary of Defense Les Aspin said this week. He added, "We are doing something other than peacekeeping here."

The UN mission, approved last week by the Security Council, is supposed to help pave the way for the return to power of the ousted president, the Reverend Jean-Bertrand Aristide, on Oct. 30.

At full strength, the American portion of the mission will include 140 army and navy construction engineers, 100 army, air force and navy trainers, and 350 logistical, medical and communication specialists. It will not include military policemen. Canada will also contribute about 100 troops and 100 policemen. France will send 100 to 200 policemen.

The military contingent will provide help in building roads, schools and other projects while also providing training to the Haitian Army. The police component will monitor the activity of Haitian policemen for six months and will then provide training, officials said.

The resolution, with its limited role for international troops, is based on an agreement signed in New York in July by Father Aristide and Lieutenant General Raoul Cedras, leader of the coup that overthrew the president. Officials familiar with the agreement said Haitian national sensitivities and aversion to foreign intervention were prime factors in limiting the UN role.

"So any notion that these guys were going to come in and even do a Somalia-like operation where they were policing the streets was

avoid," said an official wanted to the negotiations that led to the resolution. "So they have a narrow mandate to be there and rub off on the police and the army, who magically by osmosis are supposed to behave themselves, in conduct themselves more professionally."

Some Haitian experts, including a few in Congress, say they feel such a passive role may not end the violence and allow the Haitians to begin establishing a viable government headed by President Aristide. In addition, these critics said they were concerned that the lightly armed UN personnel would make inviting targets for those who might want to undermine American political support for U.S. troops in Haiti.

The real choices for American policy toward Russia, and toward many of the former Soviet republics, are not between enlargement and containment, but between turning a blind eye to some of the methods being used to make the transition in some form of democracy — and to keep the cash idling while they do — or to back away from them when those methods get ugly.

If the Clinton foreign policy is judged not in relation to its speeches, but on the basis of what it really is — a minimalist foreign policy in an age when the American public and president are much more concerned about health care than warheads — it actually has not performed badly at all.

Where the Clinton team has got into trouble is where it has tried to

play the traditional American leadership role, in places like Bosnia and Somalia, without the real will or wallet to do what would be required for success.

"There is no such thing as humanitarian intervention," said Michael Mandelbaum, professor of international relations at Johns Hopkins. "You can't intervene just to relieve suffering because suffering has political causes. Our real choices in Somalia or Bosnia are to stay out and let nature take its course, or stay there and try to help create some reasonable order, with all the pain and costs that that might entail."

In other words, there is no minimalist foreign policy for regions which have only maximalist options.

POLICY: The Clinton Administration's Plans, in Theory and in Practice

Continued from Page 1
question as clearly and plainly as I can. The United States plans to remain engaged and to lead."

But to the American public and Congress, the speech was less about activism and more about limits on future American peacekeeping abroad. The president put it bluntly: "If the American people are to say yes to UN peacekeeping, the United Nations must know when to say no."

The tension in Mr. Clinton's speech only reflected the ambivalence in the public and congressional moods, which can be summarized as a willingness to pay only some prices, fight only some foes and to bear only some burdens in the defense of freedom, in a time when fears of nuclear war with Moscow have receded. It took only a handful of casualties in Somalia to prompt Congress to pass non-binding resolutions calling on Mr. Clinton to seek approval by Nov. 15 for keeping American troops in Somalia.

The president's natural response in trying to manage this tension is to tell the world that the United States will continue to play its leadership role, while assuring the Congress that he will not send troops to Somalia or try to Bosnia unless a long list of conditions are met, including a clearly stated time when the policy would be reviewed and a clearly stated "right to terminate" if things go badly. The problem is

that such precision and predictability in foreign policy in general, and peacekeeping missions in particular, are impossible.

As former Secretary of State Lawrence S. Eagleburger put it: "If you have a clear exit point in a place like Bosnia, it is like telling all the parties in advance that when our people get killed, we will leave. And that is exactly what the opponents of our presence would like. Instead of reducing the danger to our forces, it invites attack."

An exit point in Bosnia is also impossible to define, Mr. Eagleburger said, because the peacekeeping role means separating the warring factions, and the minute the United States leaves "they will be back at each other's throats."

If the United States does not want to go into Bosnia, then it should say so and explain it. Mr. Eagleburger said, "But we should not set up a list of unrealistic conditions based on the experience in Somalia," he added. "That is a mistake, and it will send the worst message of all to the rest of the world."

The situation in Russia is another example where the policy of enlargement does not fit the actual conditions being faced by the administration. President Boris N. Yeltsin may be at the beginning of a long process in which he will have to use democratic methods to transform Russia.

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Danger in the 'Near Abroad'

The collapse of ex-Soviet Georgia sharpens a tough policy dilemma, Russia has a legitimate interest in the stability of the "near abroad," its border areas in the former Soviet Union; hence its wish to contain the struggles in Georgia and other convulsed places.

Russian president's ouster of the elected, but former Communist-dominated, parliament. But it would be much harder for Washington to keep investing in a Russian leader who was condoning what looked like a policy of re-creating an empire.

Health: Clarifying the Issues

With the first series of congressional hearings on U.S. health care reform now complete, some of the partisan and ideological issues are more sharply defined. But as the Senate minority leader, Bob Dole, told the American Medical Association, anyone who wants to criticize the Clinton plan will have to offer serious alternatives.

ment, he pointed out, and would cost a lot of money. Here he touched one of the central ideas of the Clinton plan — that by spending money in one part of the health care system, the country will save much more elsewhere.

Time to Unplug TV Martí

Will Congress finally ground the blimp in the Florida Keys that relays TV programs to Cuba, where they get the most dismal ratings? The balloon is operable only in fair weather, its signal is easily jammed by the Castro regime and its broadcasts are beamed only from 3:30 A.M. to 6 A.M. to avoid violating global agreements.

Unfortunately, the House also voted to eliminate funding for Radio Martí, which has found a sizable audience in Cuba for programs broadcast from Washington as part of the Voice of America. The House jumped the two together because both TV and radio stations operate under a presidential advisory commission headed by Mr. Mas Canosa, a divisive figure among Cuban exiles.

Gun Control as Good Politics

The times are changing. Candidates favoring gun control have often been so afraid of the issue that they have not even tried to rally the majority favoring limits on firearms trafficking. Now, they are fighting back. This year, two Democratic gubernatorial candidates, Mary Sue Terry in Virginia and Governor Jim Florio of New Jersey, have made a big issue of guns. More than that, they have attacked their opponents for being in the debt of the National Rifle Association.

The gun lobby is doing everything it can to beat Ms. Terry and Mr. Florio, but that would have happened anyway. At least now, supporters of gun control know that they can reward the politicians whom the NRA would punish. Mr. Florio's support for gun control seems to be playing well. A New York Times/WCBS-TV poll taken this week showed Mr. Florio pulling well ahead of his Republican opponent, Christine Todd Whitman. The poll found voters favoring the ban on assault rifles by better than 5 to 1, and they said that Mr. Florio's support for stricter gun control was one of the best things he had done as governor.

The Clinton Foreign Policy: From Discretion to Retreat

By Stephen S. Rosenfeld

WASHINGTON — President Bill Clinton has gotten mixed up in his thinking about the United Nations. His attempt to protect himself against the charge that he is giving away American foreign policy has taken him to a place of us-first nationalism that has an isolationist tinge and undercuts his intent to stay internationally engaged.

and saying yes, the administration's policy deliberations are now ensnared. This is how Mr. Clinton comes to back off his earlier enthusiasm for UN ways and to list conditions for U.S. support of peace-keeping so onerous that, applied literally, they could not be met anywhere.

To Accept Greater Serbia Is to Fan the Blaze Ahead

By Anthony Lewis

WASHINGTON — By rejecting the demands for the dismemberment of this country, members of the Bosnian parliament have given the West a last chance to understand the consequences of its policy there: a chance to draw back from folly and danger.

pitiable to that menacing phenomenon, extreme nationalism. The danger of nationalism taken too far hardly have to be pointed out. All around the former Soviet Union ethnic excesses have burst into violence or are on the edge. In Germany and France racism acts under the banner of ethnic purity.

Acquisition of territory by force is forbidden by international law and the United Nations Charter. The Bosnian dismemberment agreement means accepting territorial conquest. It means accepting genocide as a way of acquiring territory. It means accepting the destruction of a UN member state.

Mr. Clinton's national security adviser, Anthony Lake, said last week that the administration had "struggled with the complex tragedy in Bosnia." Defenders of apartheid in South Africa used to tell visitors the problem was "complex," when in fact its cause was simple. So too in Bosnia.



Russia: At Bottom, a Financial Feud

By Jude Wanniski

MORRISTOWN, N.J. — Russia's political turmoil comes down to a dispute over public finance. Neither Boris Yeltsin nor his foes in parliament have figured out how to finance the conversion of the Communist system to a market economy.

the central bank, which the World Bank argued would be inflationary. Because the parliament, not the government, has controlled the central bank, the credits were issued to avoid the large-scale unemployment that would occur. A ripple effect then pushed up other prices and wages; it sank the ruble's value against the dollar, removing the oil price further from the world dollar price.

A Chance To Show Her Stuff

By Ellen Goodman

BOSTON — O.K., so there were a few moments of high spirit. The reason for this is that the Republican in Congress who has tied to avoid the responsibility by waffling. But he, like his predecessor, has refused to face the real problem, the real danger in the former Yugoslavia.

They Punish Him for Being a Victim

By Philip Bowling

HONG KONG — When China refuses entry to one of its citizens and confiscates his passport, there is outrage around the world. But when a British citizen is denied the right to fly on the airline that carries his national flag, there are few protests.

committed any crime. To the best of public knowledge, the author has no history of propositioning cabin crew or singing in the aisles. He is not known to be bankrupt or to suffer from any infectious disease. But Mr. Rushdie is deemed to be inconvenient to British Airways as Mr. Han is to the Communist Party of China. So he has, metaphorically speaking, been bundled off their flights.

Advertisement for International Herald Tribune, listing contact information for KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, and other staff members.

ed kids to divorce their parents. The Year of the Woman was a hard year for this political wife. The people who saw Hillary as a heroine thought she should be running for office. The people who disliked her thought she should shut up.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1893: Conquering Nature
PARIS — Yet another victory of man over nature! Yet another road for human activity opened up! The mighty Alps, through whose bowels have been cut the Mont Cenis, St. Gotthard and St. Arlberg tunnels, have again been pierced, and a railway will shortly be opened through this center. Not a century ago it was considered a bold undertaking to cross the mountain by road.

Large vertical advertisement on the right side of the page, featuring the text 'Sharp Split' and 'Move Here' along with various logos and graphics.

ART

Of Candy Bars and Public Art

By Michael Kimmelman
New York Times Service

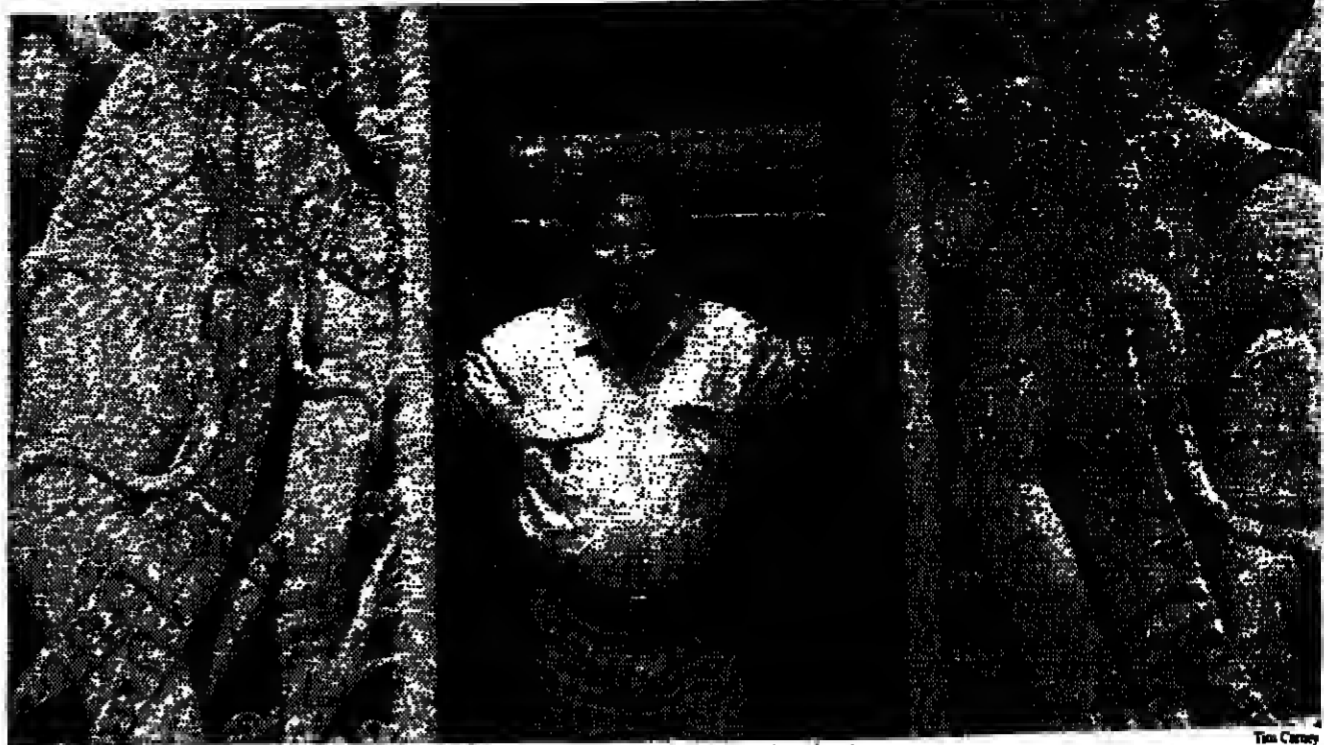
CHICAGO — There is a new paradigm for public art in the United States. It is not always easy to distinguish from social work, and it is certainly a long way in conception from the old model of "plop" art, with its casual regard for the relationship between sculpture and site.

"Culture in Action." It was sponsored by Sculpture Chicago, supported by money from the National Endowment for the Arts and various private groups and organized by Mary Jane Jacob, an independent curator. The program (total cost around \$800,000) is actually eight separate projects, mostly in neighborhoods distant — if not geographically, then economically and sociologically — from Chicago's gleaming commercial heart.

Park and the black neighborhood around Garfield Park. Programs like the one in Chicago highlight many of the knotty questions that the new public art raises. The questions are not only about aesthetics. They are also about the often fine line dividing exploitation and collaboration in the relationships between artists and their communities.



Workers in a factory designed their own chocolate bar and wrapper as part of an \$800,000 art program.



Painter Nyoman Gunarsa at the entrance to his studio in Bali.

In Bali, Painting Set to Music

By Victoria Butler

Bandung, Indonesia — When Nyoman Gunarsa paints, he listens to the gamelan, the "magic voice" of Bali. The drums, flutes and gongs of the Balinese orchestra shower the artist's studio with haunting melodies, vibrant progressions and majestic crescendos. "I want my paintings to be like Balinese music," he says. "I want my paintings to be dynamic with mysterious, mystical and magical sounds."

Gunarsa creates movement. His expressionistic dancers and puppets seem ready to jump beyond Gunarsa's hand-carved frames and into the studio. The characters from classic tales and traditional dance that inhabit Gunarsa's paintings occupy a larger world. Figures familiar as shadow-puppet personalities that have entered and taught villagers for centuries, emerge from Gunarsa's brush speaking to modern times. Gunarsa's figures speak to you to join them.

He never intended to teach, he has spent the past 27 years training young artists from all over Indonesia. "Teachers give something — some spirit — every day," he says. "They get some spirit back, too. I've had many good and talented students."

Gunarsa, 49, divides his time between painting, teaching and traveling for exhibitions. This year exhibitions in Copenhagen, Singapore and Tokyo as well as Jakarta are featuring his oils and watercolors.

In 1959, he entered the Institute of Fine Art in Jogjakarta, the cultural heartland of Java. He went to Java at a time when many artists were making pilgrimages to Bali in search of the creative spirit that several European artists had so effectively tapped.

HE museum will also serve as a music and dance center. Gunarsa commissioned a complete set of gamelan instruments from the nearby village of Thingyan, internationally renowned for its gong makers. Gamelan students gather every evening in the courtyard of the museum to practice. During the day, a local teacher instructs young dancers in the intricacies of Balinese choreography. Some nights, in the same courtyard, all the villagers will gather for a shadow puppet performance by a local master. "This is a place for all the arts of Bali," says Gunarsa.

Düsseldorf Video-Art Fire Remains Mystery

By Ferdinand Protzman
New York Times Service

Bonn — The cause of a fire in early September at the Düsseldorf Art Museum that destroyed a large video installation by Nam June Paik and forced the museum to close until next year remains unclear, according to museum officials.

video monitors, but in the separate electrical wiring and power-supply unit provided by the German sponsors of the Paik work. It then spread to the television sets. The work occupied all of one room on the second floor of Düsseldorf's Ehrenhof cultural center, where the museum's modern collection is housed.

"We don't know yet where the fire started but it had to be in the electronics of the Paik installation since that is the only thing in that room," said Helmut Rieke, the museum's deputy director. "The assumption now is that the installation was still operating when the fire broke out."

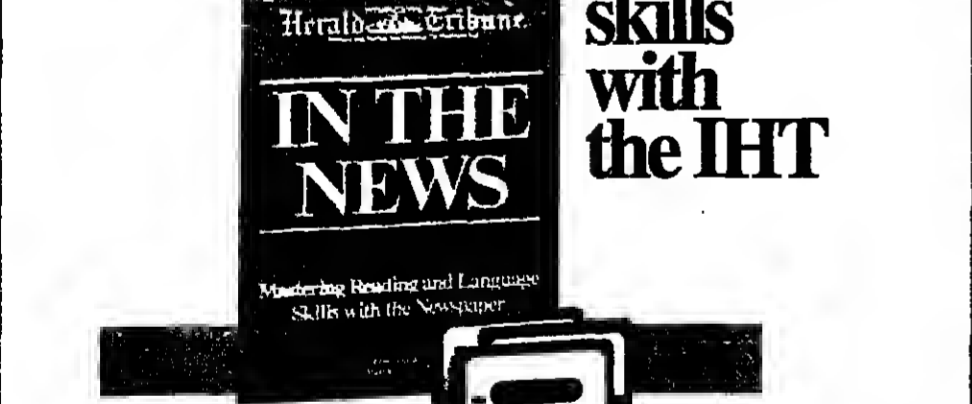
BOOKS

LIAISON: The Gripping Real Story of the Diplomat Spy and the Chinese Opera Star Whose Affair Inspired "M. Butterfly" By Joyce Wadler. 321 pages. \$22.95. Bantam.

the visits of Bernard Boursicot, a short, stocky, 38-year-old Breton bookkeeper, to Shi Pei Pu, a visiting lecturer on Chinese opera from Beijing. Was Boursicot, who had managed the books of the French embassies in China and Mongolia many years before, passing classified traffic to a Chinese intelligence agent?

was out of China, was not the Frenchman's son. Bertrand was not even Eurasian, but a Uigur from China's Muslim west whom Shi had bought in babyhood. The headlines (and the subtitle of Joyce Wadler's "Liaison") spoke of a "French diplomat" who had fallen in love with a "Chinese opera star" who had turned out to be a man.

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Fantasy and Mirth: Surreal Fun in Leipzig Treasures

International Herald Tribune
PARIS — The great museums of traditional Europe have personalities of their own. Walking down in time from masterpiece to masterpiece is like reading the short-hand story of the culture they belong to. All that matters most aesthetically, with the underlying vision that it reveals, is seen in a flash.

"Masterpieces of the Museum of Fine Arts in Leipzig," at the Petit Palais until Dec. 5, projects a fascinating outline of what Germany sought in two-dimensional art from the Renaissance to the 19th cen-

SOUREN MELIKIAN

tury. Deeply reflective, introspective, intense about sums it up. A feel for the poetic, short flings with the surreal added finishing touches.

The curtain opens, suitably enough, on an unresolved mystery. A small panel of the 1470s, dubbed by 20th-century historians "The Magic of Love," shows a young woman, hardly covered by the transparent muslin drape thrown over her left arm, stepping daintily in a room lighted by large windows. A golden casket shaped like a miniature coffer has its arched lid open to reveal a red heart of ill-defined nature. The naked woman strikes sparks from a flint lighter while squeezing a sponge at the same time to have droplets dribbling.

It is now acknowledged, Inge Suhr writes in the catalogue, that the scene illustrates "themes relating to traditional rites performed on Saint Andrew's eve." Whatever it illustrates, the demure sweetness of the woman, the white poodle snoozing on a cushion at her feet, a parrot perched on the rim of a silver-gilt tazza and the flowers cut and strewn about on the floor, all create an eerie atmosphere. Time and logic seem to have been suspended. Long regarded as Flemish work from the circle of Van Eyck, it is now seen as German, perhaps Lower Rhenish. It matters little. With its immaculate rendition of detail and limpid colors, it feels like a flight into the world of fairy tales.

The same mood is reflected in some early German drawings: "Saint John the Baptist," sketched in pen and ink with cross-hatching, suggesting a project for a woodcut, stands on an octagonal pedestal. His body sways as he looks down, one eyebrow quizzically raised, at a tiny serpent wriggling 'neath' the ribbon he holds with one hand while making a benedictory gesture with the other. Heinz Mehnert, Leipzig Museum curator, explains in the catalogue: "The priest of the Artemis temple at Ephesus having forced John to drink poison in order to test the powers of God versus non-Christian deities, the saint blessed

the cup. The poison, stripped of its efficacy, turned into a snake.

But none of this accounts for the light touch of sheer fantasy — the saint seems about to dance away and the snake has a Walt Disney feel to it.

This soupçon of surreal fun lingers in the first masterpieces. Most intriguing is the portrait of a young woman, cool, with the merest glint of amusement in her pale brown eyes. A cartoon pinned on the wall spells it out in rhyming lines with a matching ring of irony: "Also pin ich gestalt — in schoche vor sint 1497 ('Thus am I shaped — in my 18th year 1497'). Next to her head, a small figure of a turbaned Old Testament prophet carved on top of a slender pillar along the jamb of a stone window frowns astutely in the shadow. It is irresistible.

No one is quite sure who painted this. The portrait is now considered a copy after Dürrer, as is another version in Berlin. If a copy, the copier was a genius too. It is a most admirable work.

Dreamy introspection mixed with muffled laughter culminates in one of Cranach the Elder's greatest paintings, "Virgin and Child" done in the 1530s. A young woman who has just been feeding her child bends her head with a smile, tender, wistful, painfully tense all at once. In the background a none-too-kind-looking cherub holds up the maroon velvet drape that serves as a backdrop, his lower lip protruding, his eyebrow raised with threatening irony.

There are occasional outbursts of sheer fantasy and mirth. Two extraordinary sheets of animal study reveal a little-known side to Cranach the Younger. Cocks and foxes drawn in light watercolor or hnes sit, jump or stalk in a flat ground lightly tinted in pale salmony pink. At the top, they gather around the lower part of a grilled oval opening, behind which a bird defiantly flaps its wings, safe behind the sturdy bars. In a matching sheet filled with carousing stags, three animals jump out of a similar opening at the top of the sheet. This is a Bambi world with Renaissance verve.

FOR comic effect in a surreal vein, Melchior Feselen's "Saint George and the Princess," done around 1529, stands alone. The daughter of the King of Libya, who was due to be thrown to the dragon, has been saved by Saint George. She stands as a young German housewife with her neat white face apron and her rounded bodice leading on a leishan escapee from Jurassic Park. This is the nearest a Renaissance artist got to painting a waddling dinosaur. Slightly, she extends her other hand to a kind of "there you are" gesture. Saint George is perched on a huge snail horse with a human expression. He is clad in shining armor but the effect is spoiled by a cap slapped at a rakish angle, a



Anton Heusler's portrait of a bride, oil on panel.

benign bourgeois face and the "there you are" gesture that he too makes.

The opposite side to this strain of jollity is the painting of inner tragedy. The stunning revelation in the show is Anton Heusler's matching portraits of a bride and her betrothed. The young woman, neat and prim in her ornate waistcoat, stares ahead, her lips pressed, her hands clenched. There is a mix of tense apprehension and resignation in the young face. Her husband-to-be may be the explanation. He looks very large in his foppish smock. The bony face that has not entirely shed an adolescent diffidence exudes self-assertiveness.

By the end of the 16th century this great art had spent itself out. The Dutch painters the Germans then bought betray the same fundamental vision. The landscapes they sought are charged with dramatic intensity conveyed by light.

Jakob van Ruisdael's landscape done in 1647, a year after his earliest recorded work, is aglow with light from an unseen sun, hidden behind the trees covering a hillside. Only the tips of plants and trees are touched by the rays, which give them the appearance of luminous tracery hovering over indistinct growth. Tiny humans walk up winding paths in a composition of great complexity that ranks among the master's greatest.

Willem van de Velde's view of sailing boats immobilized on a calm sea stands

equally high in his oeuvre. Streaks of light run across the blackish waters and turn the clouds massed over the horizon into drapes of shimmering pale gold. The sails stand out against this like forms carved by their own shadow.

Greatest of all is Philip Wouwerman's "Dunes," dating from the 1660s. Mounds with tufts of seaside vegetation are swept by the wind. A lurid sunlight comes down here and there on patches of sand, rocks or shrubs from a stormy sky that is a subject in itself. A few people engaged in trivial activities look poor and puny, struggling in a scene of infinite grandeur. The tragic touch is all the more intense as it is suggested through the banality of daily life. No wonder the German collectors loved this.

The tempo falls at the end, in the rooms devoted to the 19th-century Romantic movement, but they hold one surprise. Carl Gustav Carus, who spent most of his life in Dresden, turned his back on the art of his master and friend Caspar David Friedrich, to paint small landscapes from nature, understated and delicately vibrant. A view of a line of trees beyond a vast expanse of brown earth with pale purplish hills in the distance, dated 1834, is a small masterpiece that relates to little else. One is reminded of Courot's evolution at the same time in France. It was the swan song of German painting before it sank for good into the morass of Revivalism.

A New Look at Modigliani 400 Early Drawings on View in Venice

By Roderick Conway Morris
International Herald Tribune

VENICE — Amadeo Modigliani's family knew nothing of his childhood dream to become a painter until, in 1896, the 14-year-old boy spoke of it while delirious with typhoid fever. "When you are cured," his mother promised him, "I shall get you a drawing master." The pledge was kept, though this cultured but impoverished Jewish household in Livorno could scarcely afford such a luxury.

Two years later, Modigliani was diagnosed as suffering from incurable tuberculosis — yet, sustained by the conviction that the day would come when he would be appreciated for his true worth, he managed to keep the disease at bay before succumbing to it at the age of 36.

His early death and the originality and oddity of his vision doomed Modigliani to posthumous recognition — and his reputation has since been repeatedly undermined by a plethora of fakes.

The showing, at the Palazzo Grassi on the Grand Canal, of more than 400 privately owned Modigliani drawings, only a handful of which have ever been seen by art historians and experts, let alone the general public, is a sensational event. Given the sheer size of the collection (it more or less doubles the total of known Modigliani drawings) and the exceptional quality of many of the works, it will demand a substantial reassessment of the artist's oeuvre.

Dating from 1906, when Modigliani moved to Paris, until the outbreak of World War I, the collection offers a fascinating picture of a young artist's ceaseless experimentation — inspired by models as diverse as Greek, African, Indian and Cambodian art — and a series, especially in the realm of the nude and portraits, of stunningly accomplished studies that reveal Modigliani's consummate artistry even in this formative period (and indeed show that his distinctive style was established far earlier than has hitherto been evident).

HARDLY surprisingly institutions worldwide have been lining up to host the exhibition when it closes in Venice on Jan. 4. It is already scheduled to go on to the Royal Academy in London, the Ludwig Museum in Cologne, the Centro de Arte Reina Sofia in Madrid, the Royal Museum in Tokyo and the Metropolitan in New York (among others) — each of which will have the opportunity to display a selection of about 200 drawings. Accordingly, many of the works will be shown for two years or more — from the conservation point of view an excessively long time, particularly for drawings often done



A Modigliani nude from the Alexandre collection.

on cheap paper, and sometimes on both sides, on account of Modigliani's chronic impetuosity.

Soon after Modigliani's arrival in Paris in 1906 he was befriended by Paul Alexandre, a young doctor with a love of art and the company of artists. Alexandre's clinic was in Montmartre and he used his modest means to rent a run-down house nearby (since demolished) at 7 Rue de Delta to offer living and studio space to penniless artists. Modigliani set up shop there in 1907.

"I was struck straight away by his extraordinary talent," recorded Alexandre before his death in 1968, "and I wanted to do something for him. I bought his drawings and paintings, but I was his only buyer, and I was not rich."

For all his efforts to promote his friend, Alexandre (and his family, all of whom had their portraits painted by Modigliani) remained the Italian's sole patron until 1914, when the doctor went off to serve at the front — buying during these years of the artist's deepest obscurity almost everything he produced.

Alexandre was not a collector in the conventional sense, and though

he bought the works of one or two other artists, Modigliani's works remained the only substantial acquisitions he ever made. After the artist's death it was Alexandre's intention to write a book about his friend — particularly with the aim of contradicting the exaggerated picture, which became ever more lurid with the passing years, of Modigliani's dissolute bohemianism — meanwhile declining with rare exceptions to show or allow the publication of any of the drawings in his collection.

Alexandre's book never came to fruition, and the task was inherited by his younger son, Noël, a historian with a career and many interests of his own. Noël Alexandre has finally succeeded in completing a sumptuous book containing all the previously unpublished drawings with an introductory section illustrated with letters, documents and photographs from his father's archive. The upshot is that what is on show now is the exhibition of the catalogue, rather than the other way round.

THIS topsy-turvy modus operandi has been an alarming experience for the art world, especially in view of the quantity of Modigliani fakes at large. But none of the curators or cognoscenti I spoke to at the opening expressed doubts as to the drawings' authenticity.

"Normally," said a drawings curator whose institution is one of those that will be showing a selection of the works, and who preferred not to be named, "one would expect the works to be studied carefully before being exhibited. In this case, exactly the opposite is happening, and we're only able to get a close look at them now they're on show."

Another curator said: "There are still many mysteries about this collection. To exhibit works for the first time like this is quite extraordinary. This is just the beginning — art historians will be studying these pictures for years to come."

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NYSE

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MSFT	55.00	54.00	54.50	55.00	+0.50
ORCL	45.00	44.00	44.50	45.00	+0.50
EA	35.00	34.00	34.50	35.00	+0.50
INTC	25.00	24.00	24.50	25.00	+0.50
QCOM	15.00	14.00	14.50	15.00	+0.50
TXN	10.00	9.50	9.75	10.00	+0.25
AVY	8.00	7.50	7.75	8.00	+0.25
BA	7.00	6.50	6.75	7.00	+0.25
GM	6.00	5.50	5.75	6.00	+0.25
AMT	5.00	4.50	4.75	5.00	+0.25
DIS	4.00	3.50	3.75	4.00	+0.25
WAL	3.00	2.50	2.75	3.00	+0.25
CVX	2.00	1.50	1.75	2.00	+0.25
MRK	1.50	1.00	1.25	1.50	+0.25
LLY	1.00	0.50	0.75	1.00	+0.25
UNH	0.50	0.25	0.375	0.50	+0.125
PG	0.25	0.15	0.20	0.25	+0.05
JNJ	0.15	0.10	0.125	0.15	+0.025
MRK	0.10	0.05	0.075	0.10	+0.025
UNH	0.05	0.025	0.0375	0.05	+0.0125
PG	0.025	0.015	0.020	0.025	+0.005
JNJ	0.015	0.010	0.0125	0.015	+0.0025
MRK	0.010	0.005	0.0075	0.010	+0.0025
UNH	0.005	0.0025	0.00375	0.005	+0.00125
PG	0.0025	0.0015	0.0020	0.0025	+0.0005
JNJ	0.0015	0.0010	0.00125	0.0015	+0.00025
MRK	0.0010	0.0005	0.00075	0.0010	+0.00025
UNH	0.0005	0.00025	0.000375	0.0005	+0.000125
PG	0.00025	0.00015	0.00020	0.00025	+0.00005
JNJ	0.00015	0.00010	0.000125	0.00015	+0.000025
MRK	0.00010	0.00005	0.000075	0.00010	+0.000025
UNH	0.00005	0.000025	0.0000375	0.00005	+0.0000125
PG	0.000025	0.000015	0.000020	0.000025	+0.000005
JNJ	0.000015	0.000010	0.0000125	0.000015	+0.0000025
MRK	0.000010	0.000005	0.0000075	0.000010	+0.0000025
UNH	0.000005	0.0000025	0.00000375	0.000005	+0.00000125
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PG	0.000000025	0.000000015	0.000000020	0.000000025	+0.000000005
JNJ	0.000000015	0.000000010	0.0000000125	0.000000015	+0.0000000025
MRK	0.000000010	0.000000005	0.0000000075	0.000000010	+0.0000000025
UNH	0.000000005	0.0000000025	0.00000000375	0.000000005	+0.00000000125
PG	0.0000000025	0.0000000015	0.0000000020	0.0000000025	+0.0000000005
JNJ	0.0000000015	0.0000000010	0.00000000125	0.0000000015	+0.00000000025
MRK	0.0000000010	0.0000000005	0.00000000075	0.0000000010	+0.00000000025
UNH	0.0000000005	0.00000000025	0.000000000375	0.0000000005	+0.000000000125
PG	0.00000000025	0.00000000015	0.00000000020	0.00000000025	+0.00000000005
JNJ	0.00000000015	0.00000000010	0.000000000125	0.00000000015	+0.000000000025
MRK	0.00000000010	0.00000000005	0.000000000075	0.00000000010	+0.000000000025
UNH	0.00000000005	0.000000000025	0.0000000000375	0.00000000005	+0.0000000000125
PG	0.000000000025	0.000000000015	0.000000000020	0.000000000025	+0.000000000005
JNJ	0.000000000015	0.000000000010	0.0000000000125	0.000000000015	+0.0000000000025
MRK	0.000000000010	0.000000000005	0.0000000000075	0.000000000010	+0.0000000000025
UNH	0.000000000005	0.0000000000025	0.00000000000375	0.000000000005	+0.00000000000125
PG	0.0000000000025	0.0000000000015	0.0000000000020	0.0000000000025	+0.0000000000005
JNJ	0.0000000000015	0.0000000000010	0.00000000000125	0.0000000000015	+0.00000000000025
MRK	0.0000000000010	0.0000000000005	0.00000000000075	0.0000000000010	+0.00000000000025
UNH	0.0000000000005	0.00000000000025	0.000000000000375	0.0000000000005	+0.000000000000125
PG	0.00000000000025	0.00000000000015	0.00000000000020	0.00000000000025	+0.00000000000005
JNJ	0.00000000000015	0.00000000000010	0.000000000000125	0.00000000000015	+0.000000000000025
MRK	0.00000000000010	0.00000000000005	0.000000000000075	0.00000000000010	+0.000000000000025
UNH	0.00000000000005	0.000000000000025	0.0000000000000375	0.00000000000005	+0.0000000000000125
PG	0.000000000000025	0.000000000000015	0.000000000000020	0.000000000000025	+0.000000000000005
JNJ	0.000000000000015	0.000000000000010	0.0000000000000125	0.000000000000015	+0.0000000000000025
MRK	0.000000000000010	0.000000000000005	0.0000000000000075	0.000000000000010	+0.0000000000000025
UNH	0.000000000000005	0.0000000000000025	0.00000000000000375	0.000000000000005	+0.00000000000000125
PG	0.0000000000000025	0.0000000000000015	0.0000000000000020	0.0000000000000025	+0.0000000000000005
JNJ	0.0000000000000015	0.0000000000000010	0.00000000000000125	0.0000000000000015	+0.00000000000000025
MRK	0.0000000000000010	0.0000000000000005	0.00000000000000075	0.0000000000000010	+0.00000000000000025
UNH	0.0000000000000005	0.00000000000000025	0.000000000000000375	0.0000000000000005	+0.000000000000000125
PG	0.00000000000000025	0.00000000000000015	0.00000000000000020	0.00000000000000025	+0.00000000000000005
JNJ	0.00000000000000015	0.00000000000000010	0.000000000000000125	0.00000000000000015	+0.000000000000000025
MRK	0.00000000000000010	0.00000000000000005	0.000000000000000075	0.00000000000000010	+0.000000000000000025
UNH	0.00000000000000005	0.000000000000000025	0.0000000000000000375	0.00000000000000005	+0.0000000000000000125
PG	0.000000000000000025	0.000000000000000015	0.000000000000000020	0.000000000000000025	+0.000000000000000005
JNJ	0.000000000000000015	0.000000000000000010	0.0000000000000000125	0.000000000000000015	+0.0000000000000000025
MRK	0.000000000000000010	0.000000000000000005	0.0000000000000000075	0.000000000000000010	+0.0000000000000000025
UNH	0.000000000000000005	0.0000000000000000025	0.00000000000000000375	0.000000000000000005	+0.00000000000000000125
PG	0.0000000000000000025	0.0000000000000000015	0.0000000000000000020	0.0000000000000000025	+0.0000000000000000005
JNJ	0.0000000000000000015	0.0000000000000000010	0.00000000000000000125	0.0000000000000000015	+0.00000000000000000025
MRK	0.0000000000000000010	0.0000000000000000005	0.00000000000000000075	0.0000000000000000010	+0.00000000000000000025
UNH	0.0000000000000000005	0.00000000000000000025	0.000000000000000000375	0.0000000000000000005	+0.000000000000000000125
PG	0.00000000000000000025	0.00000000000000000015	0.00000000000000000020	0.00000000000000000025	+0.00000000000000000005
JNJ	0.00000000000000000015	0.00000000000000000010	0.000000000000000000125	0.00000000000000000015	+0.000000000000000000025
MRK	0.00000000000000000010	0.00000000000000000005	0.000000000000000000075	0.00000000000000000010	+0.000000000000000000025
UNH	0.00000000000000000005	0.000000000000000000025	0.0000000000000000000375	0.00000000000000000005	+0.0000000000000000000125
PG	0.000000000000000000025	0.000000000000000000015	0.000000000000000000020	0.000000000000000000025	+0.000000000000000000005
JNJ	0.000000000000000000015	0.000000000000000000010	0.0000000000000000000125	0.000000000000000000015	+0.0000000000000000000025
MRK	0.000000000000000000010	0.000000000000000000005	0.0000000000000000000075	0.000000000000000000010	+0.0000000000000000000025
UNH	0.000000000000000000005	0.0000000000000000000025	0.00000000000000000000375	0.000000000000000000005	+0.00000000000000000000125
PG	0.0000000000000000000025	0.0000000000000000000015	0.0000000000000000000020	0.0000000000000000000025	+0.0000000000000000000005
JNJ	0.0000000000000000000015	0.0000000000000000000010	0.00000000000000000000125	0.0000000000000000000015	+0.00000000000000000000025
MRK	0.0000000000000000000010	0.0000000000000000000005	0.00000000000000000000075	0.0000000000000000000010	+0.00000000000000000000025
UNH	0.0000000000000000000005	0.00000000000000000000025	0.000000000000000000000375	0.0000000000000000000005	+0.000000000000000000000125
PG	0.00000000000000000000025	0.00000000000000000000015	0.00000000000000000000020	0.00000000000000000000025	+0.00000000000000000000005
JNJ	0.00000000000000000000015	0.00000000000000000000010	0.000000000000000000000125	0.00000000000000000000015	+0.000000000000000000000025
MRK	0.00000000000000000000010	0.00000000000000000000005	0.000000000000000000000075	0.00000000000000000000010	+0.000000000000000000000025
UNH	0.00000000000000000000005	0.000000000000000000000025	0.0000000000000000000000375	0.00000000000000000000005	+0.0000000000000000000000125
PG	0.000000000000000000000025	0.000000000000000000000015	0.000000000000000000000020	0.000000000000000000000025	+0.000000000000000000000005
JNJ	0.000000000000000000000015	0.000000000000000000000010	0.0000000000000000000000125	0.000000000000000000000015	+0.0000000000000000000000025
MRK	0.000000000000000000000010	0.000000000000000000000005	0.0000000000000000000000075	0.000000000000000000000010	+0.0000000000000000000000025
UNH	0.000000000000000000000005	0.0000000000000000000000025	0.00000000000000000000000375	0.000000000000000000000005	+0.00000000000000000000000125
PG	0.0000000000000000000000025	0.0000000000000000000000015	0.0000000000000000000000020	0.0000000000000000000000025	+0.0000000000000000000000005
JNJ	0.0000000000000000000000015	0.0000000000000000000000010	0.00000000000000000000000125	0.0000000000000000000000015	+0.00000000000000000000000025
MRK	0.0000000000000000000000010	0.0000000000000000000000005	0.00000000000000000000000075	0.0000000000000000000000010	+0.00000000000000000000000025
UNH	0.0000000000000000000000005	0.00000000000000000000000025	0.000000000000000000000000375	0.000000	

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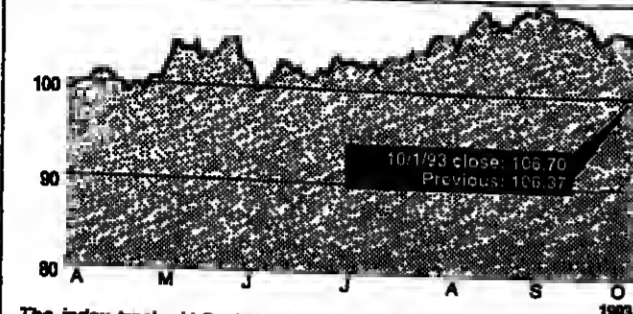
BUSINESS



International Herald Tribune, Saturday-Sunday, October 2-3, 1993

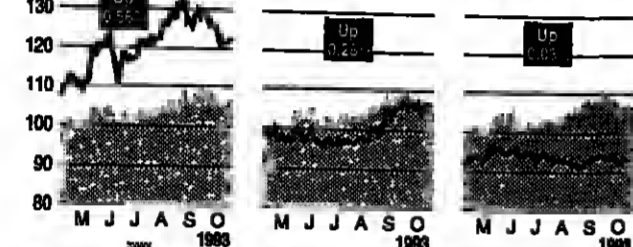
THE TRIB INDEX: 106.70

International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific: Close: 122.70, Prev: 122.06
Europe: Close: 106.00, Prev: 105.70
N. America: Close: 92.88, Prev: 92.85



Industrial Sectors

	Oct. 1	Prev. Close	% Change		Oct. 1	Prev. Close	% Change
Energy	109.59	108.53	+0.98	Capital Goods	102.27	101.81	+0.46
Utilities	111.87	110.87	+0.90	Raw Materials	102.07	101.89	+0.18
Finance	116.03	115.61	+0.36	Consumer Goods	88.82	88.15	-0.37
Services	116.52	116.10	+0.36	Miscellaneous	109.81	109.39	+0.48

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Rhône In Talks to Take Over Mérieux

PARIS — Rhône-Poulenc SA said Friday that it was negotiating to buy the 49 percent of Institut Mérieux, a vaccines and animal-health concern, that does not already own. The indicated value of the deal would be about \$1.3 billion.

The chemical group said the transaction would strengthen Mérieux's preventive-medicine lines. It said that while Mérieux had significant growth potential through its vaccines unit, Pasteur-Mérieux Serum et Vaccins, the increasingly competitive global market made it necessary for it to seek new alliances.

Rhône-Poulenc, which is on the list of state-owned companies to be privatized by the French government before year-end, proposes to exchange 77 of its ordinary shares for every five Mérieux ordinary shares. The shares would be issued through a capital increase after Rhône's privatization.

Can Apple Rise Again? Many Call It a Do-or-Die Transition

By John Markoff
The New York Times Service

SAN FRANCISCO — Perhaps the clearest indicator of the change and uncertainty at Apple Computer Inc. lately is the way Bill Fernandez, the software engineer who became the company's first employee in 1976, spends his time these days. He reads the Help Wanted ads.

Mr. Fernandez is among the 2,500 people Apple has laid off since July, when the company reported a \$188.3 million third-quarter loss and announced a restructuring program intended to reverse its plummeting value in the stock market.

Although Apple announced Thursday that it had sold 50,000 Newtons since the hand-held digital note taker that allows users to write with a stylus was introduced in August, some analysts said the figure was not significant because the company had never shared its sales forecasts for the Newton with the public.

NBC Is Buying Super Channel As Europe Outlet

Compiled by Our Staff From Dispatches
NEW YORK — NBC Inc., the American television network, said Friday that it was buying control of Super Channel, an English-language television superstation that reaches much of Europe, and would add several hours of American news and information programming to it.

NBC, a unit of General Electric Co., will own more than 50 percent of London-based Super Channel. Along with Crédit Lyonnais, NBC will own roughly 75 percent. Crédit Lyonnais, a French state-controlled bank, had been a creditor of Super Channel.

Most of the rest of the equity will be owned by Richard Branson's Virgin Group. NBC will have management control. Executives declined to discuss financial details, but they described a published estimate of \$40 million (\$60 million) for the sale as inaccurate.

NBC's president, Robert Wright, said that while Super Channel's losses have been narrowing, he expects the satellite and cable service to be unprofitable for several years.

The Mancini family of Lucca, Italy, which is selling its stake to NBC and Crédit Lyonnais, is to keep a seat on the board of Super Channel. The service currently is distributed to 30 million homes in Western Europe and 26 million homes in Eastern Europe and the Commonwealth of Independent States.

Super Channel also will carry NBC's main evening news broadcast, so-called news magazine shows made up of longer stories and features, as well as business programming from its CNBC cable-television service, Mr. Lack said.

AmEx Beats Diner's Club

Compiled by Our Staff From Dispatches
NEW YORK — American Express Co. beat Diner's Club on Friday for a U.S. government contract to provide commercial charge card services to the 900,000 federal employees who travel on government business.

The contract, which Diner's Club had held since 1983, accounted for about 10 percent of Diner's Club's worldwide charge volume and more than 20 percent of its U.S. volume.

ECONOMIC SCENE

National Health Insurance: Who Really Gets the Bill?

By Peter Passell
New York Times Service

NEW YORK — Who will pay for national health insurance? Why business, or of course, President Bill Clinton assuredly would be required to pay for 80 percent of the cost of a package of medical benefits for employees and families.

But many economists think the president has it backward. One way or another, they say, the cost of employer-mandated health premiums will either be passed forward to consumers in the form of higher prices, or backward to workers in the form of lower wages.

And while there may be admirable political reasons for preserving what Uwe Reinhardt of Princeton University calls "the myth that someone else will pay," linking insurance to employment is likely to have side-effects that range from complexity to inefficiency.

The plan calls for employers to cover 80 cents on the premium dollar charged to members of each "regional health alliance." This premium would be unrelated to age, medical history or health-threatening personal habits. It would vary only with the size of the worker's family and the number of family members who are employed.

How then would it be possible for employers to dodge their legal share of the bill? One route, suggests Barry Bosworth of the Brookings Institution, would be for corporations to raise their prices. This, he argues, is what happens when business costs are broadly increased by a government mandate like an increase in Social Security taxes.

Forward shifting may not work, though. If, for example, producers compete directly with importers who are unaffected by the insurance mandate or if consumers are unwilling to pay as much as the higher price, some of the extra costs must come from another pocket. Thus stockholders may initially suffer a squeeze on profits. But the mobility of capital in the world makes it virtually impossible to trap it for long.

In the 1980s, Mr. Bosworth says, much of the increase in employer-paid health insurance costs came out of pension benefits. Where mandated cost increases hit businesses more selectively (as may prove the case with the Clinton plan), employers are apt to go directly to labor for the extra money.

Jonathan Gruber, an economist at the Massachusetts Institute of Technology, found that maternity benefits mandated in the 1970s were matched "roughly dollar for dollar" with cuts in wages for the young, married employees likely to claim the benefits.

Tokyo Fears Backlash From Rice Imports

By Steven Brill
International Herald Tribune

TOKYO — Japan's decision this week to import rice on an emergency basis, which has raised hopes of a permanent opening in its rice market, may backfire and do just the opposite, Japanese officials said Friday.

They said that the move threatens to harden domestic opposition to rice imports, making it impossible for Prime Minister Morihiro Hosokawa to open the market without destroying his coalition government, which remains split over the issue.

"Japan will have to find a solution that will somehow get the acquiescence of the Socialists without disrupting the ultimate goal of political reform," one government source said.

The Japanese government has long been torn between opening the rice market to promote a successful end to the global trade talks and boost access for its exporters, and the desire to protect the interests of farmers, whose votes carry a disproportionate clout.

While Mr. Hosokawa is thought to favor making a concession to help conclude the trade talks, the Socialists, who comprise the biggest group in his coalition, are against it.

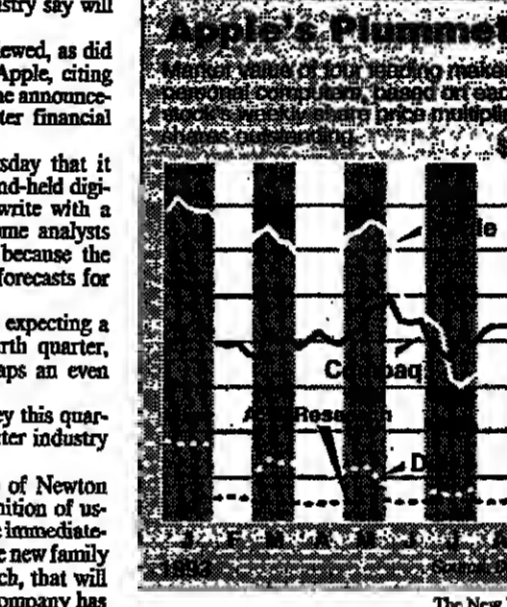
Announcing the emergency imports on Thursday, the government stressed the measure was temporary and that there was no change in its policy of self-sufficiency in rice.

To some, though, the need for imports undercuts the policy and offers a chance to eat foreign rice at prices a fraction of those maintained in Japan.

"It points up the bankruptcy of the long-standing government insistence upon self-sufficiency in a grain in which there is wide international trade competition," said an article in the Asahi Shimbun, a major daily. Japan has not imported rice since 1984, when it bought 150,000 tons from South Korea.

But to others, the need to import 200,000 tons of rice this year to cover the worst harvest since World War II underscores the need to keep the market closed.

"We have the capacity to be fully self-sufficient," said Yoji Umezaki, a spokesman for Japan's farm lobby, the Central Union of Agricultural Cooperatives. About one-third of Japanese rice paddies are not farmed, owing to government policies to reduce production, he said. Japan's imports are likely to exceed one million tons, and possibly go as high as two million, in order to cover shortfalls expected next year, traders say.



The New York Times

CURRENCY & INTEREST RATES

Cross Rates Oct. 1

	A.M.	10:30	12:30	2:30	4:30	6:30	8:30	10:30	12:30	2:30	4:30
American	1.62	1.63	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72
British	1.63	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73
French	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74
German	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
Japanese	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76
Swiss	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77
Italian	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78
Spanish	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79
Portuguese	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80
Belgian	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81
Dutch	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82
Australian	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83
New Zealand	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84

Eurocurrency Deposits Oct. 1

	Dollar	D-Mark	Swiss	French	Yen	ECU
3 months	2 3/4 - 3	4 1/4 - 4 1/2	4 1/4 - 4 1/2	5 1/4 - 5 1/2	6 1/2 - 6 3/4	7 1/2 - 7 3/4
6 months	2 1/4 - 2 1/2	4 1/4 - 4 1/2	4 1/4 - 4 1/2	5 1/4 - 5 1/2	6 1/2 - 6 3/4	7 1/2 - 7 3/4
1 year	2 1/4 - 2 1/2	4 1/4 - 4 1/2	4 1/4 - 4 1/2	5 1/4 - 5 1/2	6 1/2 - 6 3/4	7 1/2 - 7 3/4

Key Money Rates

	Close	Prev.	Britain	Swiss	Japan
3-month	7.10	7.10	6.00	4.00	4.00
6-month	7.10	7.10	6.00	4.00	4.00
1-year	7.10	7.10	6.00	4.00	4.00
3-month	7.10	7.10	6.00	4.00	4.00
6-month	7.10	7.10	6.00	4.00	4.00
1-year	7.10	7.10	6.00	4.00	4.00

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- Denmark: 878-11-0014
- France: 356
- Germany: 1-800-623-0877
- Holland: 0800-2383
- Italy: 1-800-877-8000
- Japan: 01-6317
- South Korea: 090-23-0910
- Spain: 090-23-0910
- Sweden: 090-23-0910
- Switzerland: 090-23-0910
- United Kingdom: 011-23-0910
- United States: 1-800-877-8000
- West Germany: 030-661
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NYSE Thursday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: NYSE, High, Low, Last, Change, Volume. Lists various stock prices and changes.

Table with columns: Div, Yld, PE, High, Low, Last, Change, Volume. Lists various stock prices and changes.

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Room Is On... All-Paid Special...

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INTERNATIONAL FUNDS

Quotations supplied by funds listed. Not available quotations are supplied by the Funds listed with the exception of some funds based on last prices.

The marginal symbols indicate frequency of quotations supplied: (d) daily; (w) weekly; (m) monthly; (q) quarterly; (y) yearly; (b) bi-monthly; (s) semi-annually; (a) annually.

Table with columns: Fund Name, Div, Yld, PE, High, Low, Last, Change, Volume. Lists various international fund prices and changes.

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Boom Is On for H.K. Derivatives Well-Paid Specialists Pile Into the Growing Game

By Kevin Murphy
International Herald Tribune
HONG KONG — This Hong Kong bet requires no hedging: In the scramble to develop Asia's fastest growing financial market, derivative securities specialists are getting rich. "When I wanted someone to offer me a price on a call option on the Thailand market a year ago, few people would do it," said Renu Bhatia, a fund manager with Wardley Investment Services Ltd.

She was referring to a "synthetic" unlisted derivative created by merchant banks to limit the potential downside in holding a position in Thai equities.

"Now 15 brokers will make a price and there are more new people out there all the time," said Miss Bhatia, who invests in Asian equity-linked derivatives, such as futures and index options.

These instruments are among a growing range of financial contracts whose value is designed to track the return on stocks, bonds, currencies or other benchmarks.

Long a market where equities have been king and debt markets slow to develop, Hong Kong, like most Asian markets outside Japan, traditionally shunned anything more exotic than warrants attached to individual stocks and futures on the Hang Seng Index.

Now a host of investment alternatives is available in an over-the-counter market where merchant banks are falling over themselves to offer new products and fund managers are becoming more adventurous with their hedges.

"We've seen a definite growth in interest in derivative products as American banks and institutions used to hedging and gearing their investments have increased their exposure in Hong Kong," said Wesley McDade, a spokesman for Hong Kong's Securities and Futures Commission.

Big U.S. securities houses offering the sophisticated instruments now commonplace in European and American markets have led the push in Hong Kong. But European firms and several local brokerages are seeking to match them — touching off a sellers' market for top professionals.

"We think there's a lot of opportunity here across each of the product lines," said Howard Pollack, managing director of Lehman Brothers Asia Ltd. "The market will grow rapidly, not just in products seen in U.S. and Europe, but with some tailored to local needs. The competition is wide open."

"It's somewhat of a function of a bull market," said Sunimal Goonetilleke of Peregrine Derivatives, which is based in Hong Kong. "People are keen to look at new ideas. Fund managers are more open-minded than in Europe, I'd say."

The rush to assemble top-flight derivatives teams to meet growing market needs has prompted international firms to import executives from New York, London and Tokyo.

Poaching, too, is filling out expanded rosters.

"Some people are making disproportionately large salaries," said Samuel Wan, managing director of Norman Broadbent (HK) Ltd., an executive search group. "There are

only a handful of good people around and they are immensely difficult to find."

Experienced quantitative analysts and specialist dealers earn a minimum of \$250,000 a year.

"The best people won't leave the established firms," Mr. Wan said.

"The smaller firms don't have the support the top people need," meaning math experts and the like, he said, "and the indigenous firms don't have the operational capabilities to do a lot of this work yet."

But is there enough room for all the new players? "If a lot of people charge into the market, eventually there will be a fallout," Mr. Goonetilleke said. "Good risk management and distribution capability will be the key to performance."

Of the increasing competition, Mr. Pollack said: "In the equity side of the business, there are many local people who're doing well. On the debt side, the American firms will probably do very well. Asian currency debt swap business will grow as currency markets internationalize, but it's still some way off."

The over-the-counter market for derivative products will face some challenge from publicly traded instruments slated for exchanges across Asia. But even with that change, Hong Kong will likely be the regional derivatives hub.

"A critical mass of firms and individuals who can structure derivative products and trade them is clustering here in Hong Kong," said Robert McBrain, executive director of NatWest Capital Markets. "That is something that won't be sprinkled around Asia."

Trading volumes in Hang Seng index options, which began in March, provide a glimpse of the new demand for derivative products. Average daily volume has risen from 681 lots in its first month to 1,500 in September.

Defying Tokyo, SIMEX Launches Japan Bond Futures

Bloomberg Business News
TOKYO — Ten-year Japanese government bond futures contracts began trading Friday on the Singapore International Monetary Exchange despite protests from the Tokyo Stock Exchange.

The futures contracts opened trading with many of the targeted customers absent because SIMEX rebuffed repeated requests by the Tokyo exchange to abandon or postpone its plans, industry officials said.

Japanese securities company officials said they would not broker the Japanese government bond futures contract in Singapore. Brokering the Tokyo Stock Exchange's futures contract is enough to satisfy customers, they said.

But Tokyo exchange officials said they had no hand in any move to boycott the contract. Trading volume of the futures contract was light, but the SIMEX prices mirrored the price of 10-year Japanese government bond futures listed in Tokyo.

In late afternoon trading, the SIMEX December Japanese government bond futures contract stood at 112.83, in line with the contract's price on the London International Financial Futures Exchange.

More than 2,000 Japanese government bond futures contracts, totaling 100.4 billion yen (\$955 million), had changed hands. "Singapore Japanese government bond futures are off and running," said Bob Ohkuma, deputy general manager in Tokyo at FIMAT, a financial futures trading company.

Unlike the London International Financial Futures Exchange and the Chicago Board of Trade, which also exchange futures on 10-year Japanese government bonds, SIMEX does not have the blessing of the Tokyo Stock Exchange, where the majority of Japanese government bond futures are traded.

Tokyo's principal objection is that SIMEX trading hours overlap those in Japan, a Tokyo Stock Exchange official said.

SIMEX has a long history of acting independently, listing copycat versions of futures contracts traded in Japan and often undercutting prices and commissions.

SIMEX has rebuffed any outside interference and chosen instead to maintain a market that it says is cheaper and more flexible.

Pressure on Jobs Is Expected to Deepen in Japan

Reuters
TOKYO — Japan's job seekers will face a difficult time as recession-hit companies keep curbing labor costs, analysts said Friday. Japan's closely watched jobs-to-applicants ratio fell to its weakest level in six years to 0.70 in August from July's 0.72, the Labor Ministry said Friday. The August number means there were 70 job offers for each 100 applicants.

The ratio hit its lowest point since July 1987, when it stood at 0.68.

The double-digits in consumption and exports could lead to further adjustments in capital investment and employment," said Yasuhiro Muraasawa, a Mitsubishi Research Institute economist.

He said the job-to-applicant ratio could slip further to 0.55 in the business year that starts next April. Japan's seasonally adjusted unemployment rate will edge up toward 2.7 percent in the next year, he added.

The unemployment rate has stayed at 2.5 percent for four straight months through August, the government's Management and Coordination Agency said Friday.

The number of unemployed in August totaled 1.67 million, up from 1.59 million in July and from 1.44 million a year earlier. The size of Japan's work force, including the unemployed, rose to 66.61 million in August, up 430,000, or 0.6 percent from a year earlier, the agency said.

Analysts agree the labor market will soften further in the coming year. But they are not fully convinced that there will be any sudden, large-scale loss of jobs.

Companies have so far reduced overtime work and extra bonus payments while curbing the number of new employees. But few companies have gone in for layoffs.

Other data Friday underlined how the prolonged economic slump and the high yen have helped keep Japan inflation well under control.

Consumer prices in the Tokyo area rose 1.4 percent in September from a year earlier and increased 0.1 percent from August, the Management and Coordination Agency said.

Excluding fresh food prices, which rose due to bad weather, Tokyo area consumer prices grew 1 percent in September from a year earlier, the slowest rise in nearly five years.

According to an estimate from the Economic Planning Agency, a 10 percent appreciation of the yen to the dollar lowers the consumer price index by 1 percent, which the EPA said could help Japanese households save a total of 2.65 trillion yen (\$25.2 billion) a year.

Subaru Raising U.S. Output

The Associated Press
TOKYO — Its exports hit hard by the rising yen, Fuji Heavy Industries Ltd. is speeding up plans to shift production to the United States of the Legacy auto model sold in North America, a company spokesman said Friday.

The spokesman, Masayuki Yokoyama, said Subaru Isuzu Automotive Inc., a joint venture between Fuji and Isuzu Motor Co.

based in Lafayette, Indiana, would be making all of its Legacy models sold in North America as early as May next year.

Since May 1992, Fuji's American plant has produced 3,700 Legacy models a month. The plant's monthly capacity is 6,000 cars.

Fuji exported about 11,000 Legacy models to the United States from Japan and 2,200 to Canada last year, Mr. Yokoyama said.

Indonesia Plywood Maker's Stock Soars in Debut

Reuters
JAKARTA — PT Barito Pacific Timber rose sharply Friday on the stock's first day of trading.

Barito, Indonesia's largest integrated plywood manufacturer, jumped 52.8 percent from the public offering price to close at 11,000 rupiah (\$5.23), reflecting both local

investors' hunger for new listings and overseas interest in the market. Analysts said next week was likely to bring even more buying interest from overseas fund managers.

"Barito contributes about 13 percent of the market's capitalization, which itself has a direct impact on the index. Index-buying

fund managers will have to buy Barito if they want to buy Indonesia," one analyst at a foreign brokerage said.

Despite impressive political connections that include links with the family of President Suharto, Barito and its chairman, Pradjogo Pangestu, have had to weather a storm of controversy since announcing plans to list \$290 million worth of shares in June.

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Herald Tribune

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	Hang Seng	2,018.10	2,009.02	+0.45
Singapore Straits Times	Straits Times	1,972.70	1,964.44	+0.42
Tokyo Nikkei 225	Nikkei 225	20,283.13	20,105.71	+0.88
Kuala Lumpur Composite	Composite	659.67	653.99	+0.89
Bangkok SET	SET	992.34	971.44	+2.15
Saoul Composite Stock	Composite	718.87	-	-
Taipei Weighted Price	Weighted Price	3,806.40	3,832.69	-0.69
Manila Composite	Composite	1,959.55	1,973.76	-0.72
Jakarta Stock Index	Stock Index	443.27	420.80	+5.31
New Zealand NZSE-40	NZSE-40	1,940.02	1,934.66	+0.28
Bombey National Index	National Index	1,284.90	1,308.60	-1.81

Sources: Reuters, AFP
International Herald Tribune

- Very briefly:**
- NIKKEI Corp., expecting a big loss this year, will lay off 1,000 management level employees at its two plants for one or two days a month.
 - Japan's domestic vehicle sales totaled 443,023 in September, down 5 percent from a year ago, for the sixth straight monthly decline.
 - Mercedes-Benz Japan Co. plans to sell about 27,000 vehicles in Japan next year, after an expected slip to 25,000 this year.
 - Japan's revised commercial code, which lowers corporate lawsuit fees and strengthens shareholders' rights, has taken effect.
 - Shiseido Co. will appeal an anti-monopoly ruling requiring it to resume shipments to a retailer that was discounting its cosmetics products.
 - Cooperative Credit Purchasing Co., set up by Japanese banks in January to absorb bad loans, said it had acquired outperforming assets worth 1.87 trillion yen (\$17.8 billion) at a discount of almost 50 percent.
 - Motorola Inc. opened a research and development laboratory in Singapore to test materials, processes and designs for circuit boards.
 - Shanghai Petrochemical Co. has joined forces with Japan's Itochu Corp. and Chisso Corp. in a new business to make and sell plastics and resins.
- AFP, APX, Reuters, AP, Bloomberg

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12 Month High/Low	Div	Yld	PE	P/B	High	Low	Last	Chge
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FIRST COLUMN

GATT Pact: Irrelevant As It Seems?

WE have been told for so long in so many different ways that it is staggeringly important. If it can be achieved, it will "boost world income by \$213 billion" (according to this week's communiqué from the World Bank). "It" is the GATT, the proposed agreement to reduce global trade tariffs, upon whose successful conclusion so much apparently depends. But what difference will it really make?

First, and least important, it seems quite possible that GATT and its attendant phraseology—"Uruguay Round" and all—will pass into the language as a synonym for intractable, deadly boredom.

Or again, perhaps its significance is best appreciated not as a potential enrichment of democratic English, but as a gloss to the famous existential notion of a journey. Those who have been following the GATT wranglings will enjoy the mordant, Kafka-esque twist: It is better to travel hopelessly than to arrive.

And as for trade bonanzas and financial booms for opportunistic investors? A successful conclusion of the agreement will probably have a beneficial effect on trade, though probably not quite so large as the various supranational agencies might suggest. They have their own reasons for talking up the agreement which have little to do with any altruistic ideas of a trade barrier-free world. More of that, perhaps, in a later column.

For the cynical old investor, however, being a person who simply wants to pot money in the smartest possible place, the successful conclusion of the talks is largely irrelevant. There are two principal reasons for this.

First, the markets have already factored GATT into their pricing. The consensus of expectations is for some sort of botched compromise to emerge.

The second reason is really a qualification of the statement that trade will benefit. Yes, but the benefit will be more a transformation of form than an increase in substance. Cheaper goods and services are already flooding across international borders. A concluded agreement would just see multi-nationals reporting more profit from clearly traceable sources.

M.B.

Volatility Is By-Product Of Funds' Diversifying

By Conrad de Aenle

WHETHER you win or lose still counts for almost everything in the fund business, but how you play the game is of increasing importance. The industry—particularly in these nervous and turbulent times for the world's stock and bond markets—is turning its attention to volatility: How to measure it and how shareholders should factor it into their decision-making.

Everyone has a sense of what volatility is, even if defining it precisely and practically can get tricky. Roughly speaking, it is a measure of the range of price fluctuations in a given period of time. Volatility is often linked with risk: the two are related, but people who study this sort of thing say they are not the same.

An executive at a London investment bank explains it in layman's terms: "Risk is when you buy an asset and it turns into a dud and you lose money. You can have a company that has low volatility and then goes bankrupt."

Entire markets, too, can have little volatility and a lot of risk. Look at the United States: By conventional valuation measures, risk is as great as it ever has been, but the last year has been among the least volatile periods in this century. A more volatile investment is inherently riskier, however, because any downward move has a chance of being bigger due to the wider swings.

Fund providers have been trying to come up with a simple, functional way to quantify volatility to shareholders. Several years ago, the idea was floated to U.S. regulators to print the high and low net asset values for the previous year in a fund's literature as a crude but useful representation of volatility. In the end, nothing came of this, but the idea is still remembered fondly.

"That's a real reasonable way for people to get a sense of volatility," said Betty Hart, of the Investment Company Institute, the American fund industry association. "It gives the investor some sense of what's going on."

What's going on is that the variety of funds on the market has increased sharply in the last decade, how the game is played has come to matter so much because of this expanding variety of players. There used to be stock funds and bond funds, and that was about it. The first kind bought local stocks, probably blue chips, and they were almost

always more volatile—and more rewarding—than the second, which bought government bonds and maybe high-grade corporates.

Now there are small-company growth funds, regional and emerging market stock funds and those that limit themselves to a particular industry. Bond funds can invest in all ranges of quality and maturity, and in markets abroad, some well established, many not.

As the types of funds have grown, so has the range of volatility and risk. And the sheer number of funds cries out for some way to distinguish among the bunch that show performance clustered around any given return. Some of them will have achieved their gains with less volatility; indeed the more volatile ones may have had to take risks the others didn't to beef up returns.

This is where ratings of volatility and risk-adjusted return come in. The fund-rating service Morningstar ranks the historic volatility of each fund against others in its category and against all funds, then qualitatively judges its return in comparison with risk using a five-point system.

Micropal, which ranks funds in a number of world markets, is devising a set of risk and volatility criteria that it hopes will travel better than the ones used in the United States. Christopher Poll, Micropal's managing director, notes that the Sharpe ratio, perhaps the most widely used measure of return vs. risk, compares returns against those of U.S. Treasury bills, which makes it of less use to someone whose benchmark might be German bank deposits.

And then there's the matter of currencies. If the reference currency is the dollar, then there's a good chance a foreign fund will seem more volatile because returns contain the extra component of currency fluctuations. Mr. Poll says the most useful way to incorporate risk and volatility into fund analysis is to look at the relative risk of members of a particular class of funds.

"You want to know which funds within a sector have the best returns with the lowest degree of risk," he said. To do that, he reduces a fund's return rating if its volatility is higher than average for the group.

Fund executives argue that while it always helps to have numbers, it's more important to be able to explain volatility and risk, and how they relate to returns, in a way that's meaningful to their clients.

"What less sophisticated investors need to understand is what the movements are likely

Bangs or Whimpers?

Best performing equity mutual funds, in absolute terms and risk-adjusted. Value of \$100, income reinvested, excluding charges; over three years to Sept. 1, 1993.

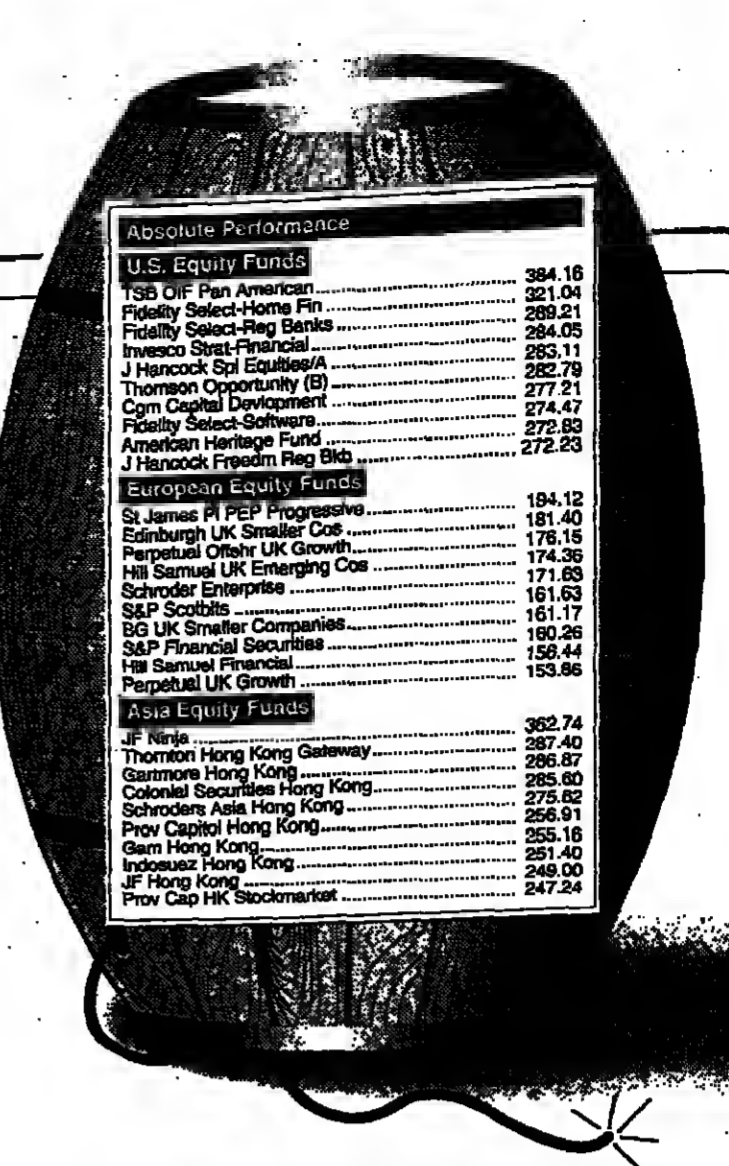
Risk-Adjusted Performance	
U.S. Equity Funds	
Quantum Fund (U.S.)	106.67
Gabelli Convertible Sec.	145.26
Methers	115.13
Gam Arbitrage	156.49
Umb Heartland Fund Inc.	129.87
Phoenix Convertible Fund	141.72
Valley Forge Fund	131.17
J Hancock Freedom Gold/E	136.30
Alpha Tiltade	149.83
Orion Fund Ltd.	174.00
European Equity Funds	
St James Fd Prog	194.12
S&P Scotiabank	181.83
Premium Life European Div	133.06
S&P Financial Securities	160.25
Holland-Invest	141.59
Premium Life European Sig	182.85
Lazard European	122.96
Schroder Enterprise	171.83
Scott Equitable Fd UK Global	141.92
Europa Value Fund	119.34
Asian Equity Funds	
Amal Asian	236.05
Henderson Hf Pacific	224.26
Stewart Hong New Pacific	195.23
Credit Lyonnais Pacific Grh	217.18
Delwa Global Far East	178.10
Scott Mutual Far East	168.20
Yamachi WorldSelect Asia	169.66
Gan Asian	181.29
Von Ermet Go Pac Bar Equity	182.78
Standford Far East	182.78

Source: Micropal

to be in their money," said Mary Blair, product development manager in Europe for Fidelity Investments. "You can come up with all these technical ways of measuring volatility and risk, but at the end of the day, it comes down to how likely is the investor to lose money and what time scale should be used. . . . We try to take investors through their own attitudes to risk and find out what their time horizon is. I think for the ordinary investor, to define volatility and risk to them is very difficult."

Other companies take more of a hands-off approach. "We try to describe funds as accurately as possible and leave it up to the individual or institution and their investment adviser; we don't offer investment advice on that subject to the public," said John Ballen, head of portfolio management at Massachusetts Financial Services.

To Mr. Ballen, volatility is a series of short-term ups and downs to be exploited by astute managers. "Volatility is opportunity," he declared. "It provides opportunity in the marketplace for buyers and sellers to capitalize on the inefficiencies that develop." He finds risk to be a more enduring phenomenon. "Risk is what's the possibility of being



up 30 percent versus down 30 percent" several years later.

Time is thought to be the most critical factor in figuring out how to deal with volatility.

"There are two thoughts on volatility: One is to ignore it and invest for the long term, the other is to use it and invest for the short term, but in terms of a long-term strategy," comments Ken Weber, president of Weber Asset Management, which puts most of the \$30 million it manages into funds.

"We use Fidelity Select sector funds for our clients. . . . The average investor should not be in sector funds; they are simply too volatile. Unless you have the time to watch them closely, you should let a portfolio manager make the decision on which industries to be in. On the other hand, if you can devote time to them and impose some discipline with some sort of moving average system, you can get volatility to work in your favor."

For most investors, he said, it's best to ignore the whole thing.

"They have to learn that if you're going to be in the market, it's a roller coaster; there's no way to ignore it, except volatility."

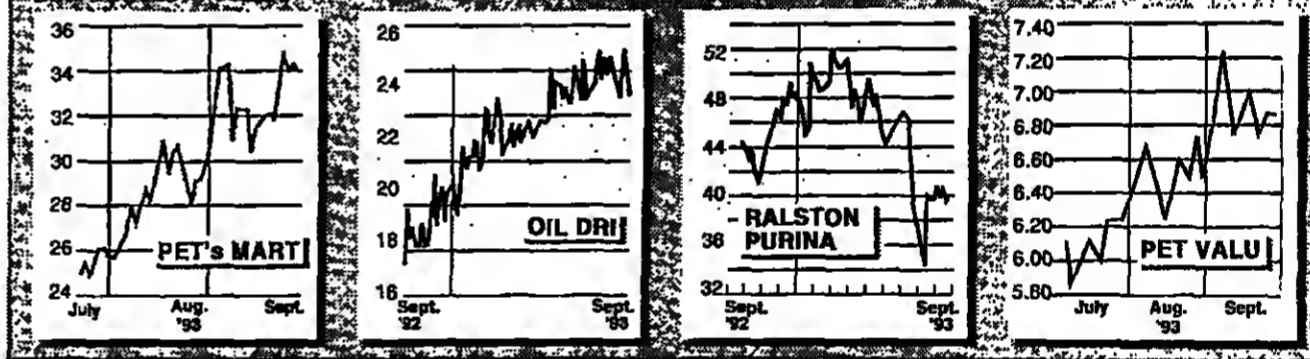
Many people can intellectually say they understand that, but when they're in the middle of it and the roller coaster gets to the top of the track and starts heading down, they start screaming and want to jump off, even though we told them about it."

For those nervous types, he suggests diversifying by buying four or five funds with different objectives, perhaps one international fund, one balanced, one growth and one aggressive growth, then maybe a convertible securities fund.

"Diversification serves as a good dramaine for the roller-coaster ride," he said. "Some funds will hold up while others are sinking."

The Investment Company Institute also advocates sticking with a fund and riding out the swings.

"You're hiring someone to manage your performance," Ms. Hart remarked. "You shouldn't try to call the shots too much [by trading in and out] because you micromanage a professional manager. If you're that good, then why do you need a professional manager?"



Sources: Datastream; Bloomberg

Indulge Those Pet Investment Theories

By Ann Brockdehurst

INVESTING in a pet means a modest outlay to buy the animal, regular food charges and occasional exorbitant veterinary bill. Unless the pet is a pricy purebred who can be mated for a fee, the financial rewards are nonexistent and the owners content themselves with nonmonetary rewards.

Now, however, financially savvy pet lovers, as well as those unwilling to allow a dog, cat, or canary in their homes, can consider some new avenues of investment. Two rapidly expanding pet stores chain out to cash in new trends in animal ownership recently went public—PETSMART Inc., traded over-the-counter in New York, and Pet Valu Inc. in Toronto.

"This creates an atmosphere in which owners stop and swap pet stories, prolonging the visit and increasing the probability of incremental sales," Mr. Vroom noted in a recent report.

PETSMART cooperates with the World Wildlife Fund and local humane societies. It does not sell puppies and kittens due to the high number of abandoned animals. Similarly it does not deal in imported birds, whose capture can damage their rain-forest habitat and put certain species at risk of extinction, or saltwater fish, which are often caught by dynamiting coral reefs.

Pet Valu Inc. has 170 stores in central Canada but its franchises are smaller and less glossy than PETSMART'S. It is also not as "politically correct," and some stores sell dog and cat. With annual sales of 70 million Canadian dollars (\$52.6 million), Pet Valu is about a quarter of the American company's size.

Its shares now trade at about 7 dollars, up sharply from 1.98 dollars last year, and Pet Valu plans to open 25 new stores.

Both chains are trying to attract customers who normally buy their animals' food in supermarkets. Prices for regular food are competitive but it is in the high margin products, such as foods which claim to be specifically designed for animals of different breeds and ages, that are most interesting to retailers.

In the United States, 57 percent of all households have a pet, and owners spend \$15 billion a year on their animals. About half of that goes for pet food, and the rest goes for other supplies and services like grooming and veterinary checkups. PETSMART's market share is currently a mere 2 percent. Chris Vroom, an analyst with Alex. Brown & Sons in Baltimore, sees the market rising to more than \$2 billion by the end of the decade as more consumers pamper their pets and pay higher prices for food.

Mr. Vroom has a "buy" rating on PETSMART whose shares were offered in July for \$23 and are now trading at about \$36. He estimates per-share earnings will rise to 42 cents for the year ending in January 1993 and to 18 cents in the current fiscal year from 12 cents last year. Although he finds the shares expensive relative to the market and projected earnings growth, Mr. Vroom believes the multiple premium is warranted and that sales and earnings momentum will be superior to almost all American retailers.

PETSMART has 77 stores, which it aims to expand to 106 by year's end. They carry premium foods, vitamins, toys and other supplies for, among other creatures, dogs, cats, fish, hamsters and horses. Most PETSMART stores also offer grooming services and owners are encouraged to bring animals with them.

While pet stores can still look to premium pet foods for increased profits and growth, the regular market has become a very tough one for most manufacturers. In the 1980s the American cat population, now about 60 million, overtook the dog population, currently 54 million. Cats make better pets in the city and for two-career families, and they eat less than dogs. And as a result, many analysts believe there will be a shake-up in the market, which is controlled by subsidiaries of such giants as Quaker Oats (Kia-L-Ration), Nestle (Friskies), Grand Metropolitan (Alpo), Mars (Kai-Kan), and Ralston Purina.

Ralston Purina, the biggest American maker, whose brand name is usually the same as its baby-boom generation is moving into an era where they're thinking less about buying houses and more about providing retirement income for themselves. A lot of that money is going into funds."

Meanwhile, the international derivatives market is also a hotbed of activity. Volume on the London International Financial Futures Exchange, or LIFFE, climbed a hefty 39 percent in August from a year earlier, according to the Investment Company Institute, the trade group for the American fund industry. Equity fund sales checked in at \$19.4 billion, more than double the year-ago amount, while bond funds brought in \$26.4 billion, up 30 percent.

An ICI spokeswoman, Betty Hart, said the greatest yearly gains were in the global and international equity sectors, in which at least three countries must be represented in the fund. American companies may be included in the global sector, but not in the international. Global equity funds registered \$1.6 billion in August sales, a rise of more than 400 percent from a year ago, while international equity funds registered \$3.2 billion in sales, a gain of nearly 300 percent.

Ms. Hart, noting that year-to-date overall mutual fund sales through Aug. 31 were running 36 percent ahead of 1992, attributed the industry growth to several trends.

"Part of it has to do with demographics," she said. "The U.S.

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Switzerland S.Fr.	610	34	315	185
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THE MONEY REPORT

Enviably Record of Small-Firm Funds

By Rupert Bruce

ALEX Dundas believes in putting his money where his mouth is. He bought 20,000 of the 10 million shares in the offshore fund he manages, GT Global Small Companies Fund...

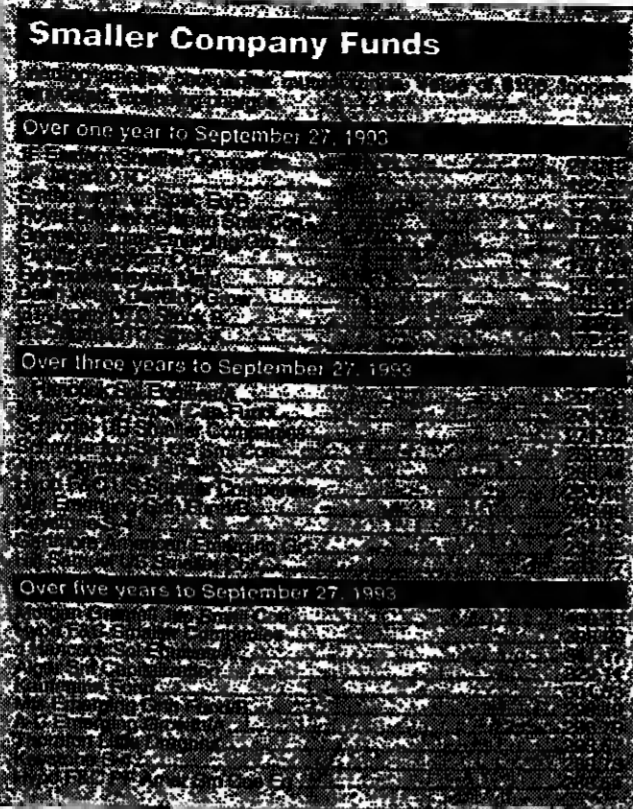
He has cashed in on a combination of what is sometimes called "the smaller companies effect" and his own skills as one of his team of managers. The fund has rewarded him by rising from its initial price of \$10 to more than \$23 currently...

The smaller companies are helped "by good financial conditions: low inflation and low interest rates," said Mr. Dundas. "So we may be at the beginning of the economic cycle and the benign stage of the financial cycle."

Mr. Dundas described the case for buying smaller companies around the globe. "Being small they grow faster," he said, and stock markets are dominated by institutional investors who tend to concentrate on larger companies...

He regards managing his fund as an exercise in finding "anomalous" situations around the world. In order to make the effect of his stock picks really tell, he keeps a small portfolio of about 16 issues...

In common with a handful of other outstanding smaller companies funds, Mr. Dundas buys stocks for 9- to 18-month periods, rather than the shorter periods favored by others who have to justify their performance against stock market indexes every quarter...



Source: Micropal

Another smaller company portfolio, including the top-performing offshore Bullet and Japan Small Companies funds. What Mr. Pulsford, Mr. Freeze and Mr. Dundas have in common is a long-term view, a leaning towards growth companies, and an eye for value.

The Japanese funds have also performed extremely well in a period when Japanese smaller companies in general have done badly. The Japan Small Companies Fund has done considerably better than the GT fund and risen by 284.7 percent during the five years ended Sept. 1 to beat all other offshore Japan funds...



Source: Standard & Poor's

started to outperform larger companies. He expects corporate profits to have two years of really strong growth from next year and smaller companies to continue to outperform.

An example of the stocks Mr. Pulsford buys is the Chubu Sokiwa Real Estate company, which has development, subleasing, and brokerage businesses in the condominium market. In three years, when the real estate market has been tough and many firms have been unprofitable, Chubu has had flat profits. But now, the brokerage side is picking up at the cheap end of the market, the company is moving some money into development, and subleasing is expanding rapidly.

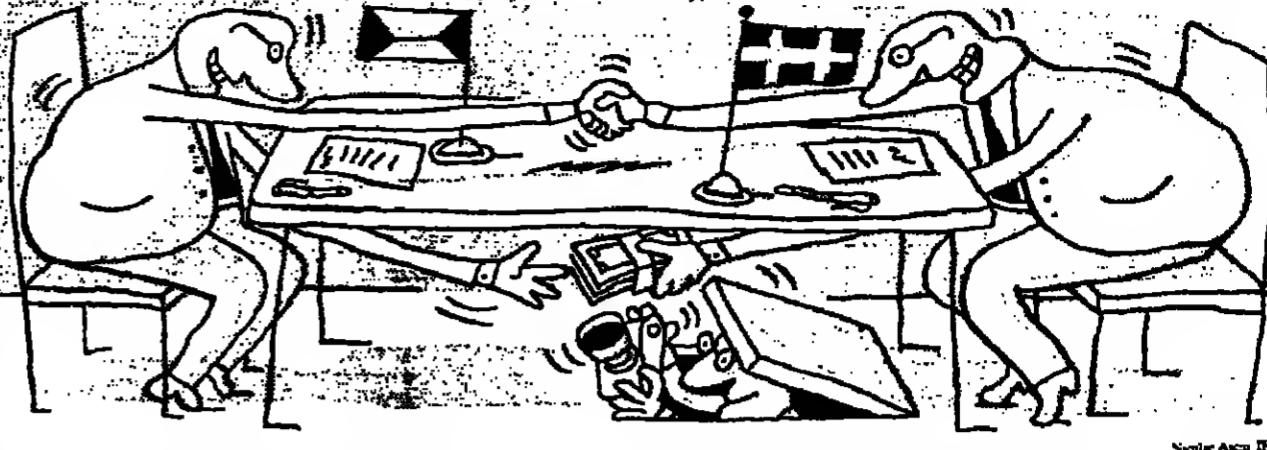
The stock price has been about 30 times this year's forecast per-share earnings while the real estate market is thought to be improving, according to Mr. Pulsford. This compares with an average price-earnings ratio of 35 times for the whole portfolio, which should have earnings growth of 12 percent this year, he said.

In addition to low price-earnings ratios, James Findlay, the London-based manager of the offshore Euro Foreign & Colonial American Smaller Companies Fund, believes in only buying companies that he believes will not try and grow by raising money from the stock market.

He says smaller American companies have outperformed large ones for two years, and he expects them to continue to do so, probably for up to eight more years. His fund is rated fifth from all offshore North American equity funds over 10 years, and 10th over five years, according to Micropal.

Switching to Europe, another manager who has done well is Justin Thomson, who co-manages the GT European Smaller Companies Fund. His fund is 26th from all European equity funds during the last five years, according to Micropal. That has happened during a period of sustained smaller company under-performance. This year, they have started to outperform in many countries and he suspects this should continue.

So should investors buy smaller companies funds now? Or should they wait for the correction that some skeptics predicted in world markets? What all the managers say is that these funds should be bought for their long-term benefits and there is little to gain from trading in and out of — but Mr. Dundas suggested that the nervous could put half their money in now, and the other half in a few months.



Group Set to Combat Third-World Graft

By Michael D. McNickle

COMMON international standards of business and financial practice may still be far away, but there is one thing that is almost universally accepted: The need to take away some of the muck from international finance. That feeling has translated into burgeoning growth for an international organization established last May to combat corruption in business.

The company oversees several governments among its clients, and says that the interest in its services is rapidly increasing. The group, known as Transparency International, announced at its opening that the government of Ecuador had expressed definite interest in receiving the group's assistance in countering international business graft.

The group's acting head, Peter Eigen, a former World Bank official, notes there are also signs of interest from the Philippines as well as from officials in Russia and countries in Latin America. Mr. Eigen said there is a growing awareness among development officials, business people and Third World leaders that, in the end, corruption helps no one.

"I've worked for 25 years in development in Africa and Latin America," Mr. Eigen said, "and it's difficult enough. You try to do a good job in the field. But if that whole thing's perverted by promoters making huge gifts to decision-makers and so on, then the whole thing becomes a farce."

Of course bribery in international business between developed and developing has gone on for decades. So why the big concern now? Experts say that in some countries the corruption has gone out of control. That, they say, coupled with the end of the Cold War, will gradually put an end to no-questions-asked foreign aid.

For ages, the gallows humor of the international community has referred to money lost from developing nations as "retirement money." But that capital flight, experts say, often with the complicity of Western corporations, has reached a crisis in many countries and spurred an increasing resolve to attack corruption in the developing world and in the West.

Robert S. McNamara, former president of the World Bank and U.S. secretary of defense, is a staunch supporter of Transparency International. He notes that while corruption in developing nations has been an issue for some time, only recently has it emerged as a topic for frank discussion.

And, Mr. McNamara continued, "I remember I said: 'You're absolutely right. And if what you're saying is that it's not just the fault of African government officials who may have received or even asked for financial inducements to award contracts, but that it's equally the fault of international corporations from the OECD nations that have proposed financial incentives to award contracts, I totally agree.'"

He added: "And, if what you're saying as well is that that should be published, and that the names of such corporations should be known, I agree with that too, and if you make them available to me, I personally will pay to have them published."

Not long after this meeting, Mr. Eigen and other experienced international executives set about studying whether an organization could be created to deal with the problem. After about 18 months of research and preparation, the group opened its doors at the Villa Borghese in Berlin with 70 leading experts drawn from government, business and development, and representing more than 20 different nationalities.

A report prepared for Transparency by George Moody-Stuart, a veteran British businessman with many years of experience in the developing world, said that while a supply contract a decade ago might have involved a "commission" of about 5 percent, today the bribe could be as high as 15 percent.

Professor R.T. Naylor of McGill University in Montreal, who is the author of "Hot Money," a book about capital flight, is a specialist on underground economies. He said that statistical data concerning the amount of corruption are "impossible to come by" because "you're trying to measure something that by definition everyone's trying to hide."

However, he added, "everybody knows just by looking around that there's an enormous amount and it's getting worse. You don't need statistics to prove that."

Transparency's first priority is to establish "country-specific coalitions" where national governments agree to open international competitive bidding on contracts only to corporations who agree to abide by standards of conduct that forbid the payment of direct or indirect bribes, payoffs or kickbacks.

providing technical assistance and expertise, research and if requested, special investigations. The organization's advisory council includes prominent figures from diplomacy, law, international consulting, government and business. The ranks include Oscar Arias Sanchez, the Nobel Peace Prize winner and former president of Costa Rica, Ian Martin, former secretary-general of Amnesty International, Paul Baicheler, chairman of Coopers & Lybrand International Consulting (U.K.), Michael Hershman, president of the Fairfax Group, international investigators and consultants, Andrew Young, former U.S. ambassador to the United Nations and mayor of Atlanta, and numerous additional distinguished figures.

Each member brings a unique perspective and experience to the group. Mr. Young for example is co-chairman of the Atlanta Olympics Committee and vice chairman of Law Companies Group, an engineering and environmental consulting firm.

"There's an increase in concern because there are actual countries and companies that are going bankrupt," Mr. Young said, "and a major reason is what I call the 'corruption tax.'"

Mr. Young said that the problem has become so bad in some countries it becomes impossible to conduct business. He noted that one company he had heard about had been offered a contract valued at nearly half a billion dollars. When the executive arrived in the country, he was asked to make payments to gain access to the officials who had invited him. The executive simply "walked away" from the contract.

Some of the problems, Mr. Young says, are built into the system and need to be changed. One of the things that happens in most Third World governments, he said, is "corruption is in lieu of a retirement program."

Mr. Young suggests that if presidents in developing countries were provided with some sort of retirement security, such as that a U.S. president receives, there might be less incentive to siphon off funds.

In addition, Mr. Young said that, during his terms as mayor of Atlanta, more than \$70 billion in investment were attracted to the metropolitan region with virtually no scandals involving the city government. Each major investor, Mr. Young notes, was given his private telephone number, and assigned a staff member who was responsible for that investor's dealings with the city. If the investor got the feeling he had run into an obstacle in city government all he had to do was call. Extras were not necessary.

Transparency International has its work cut out for it. Some observers believe that it might be too long before inquiries in the Third World lead back to industrialized nations.

Steve Askin, a journalist specializing in African economic affairs, said: "Big corruption in the developing world is a product of things happening in the rich world — a serious effort is going to have to tackle bad guys in the rich world."

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BRIEF CASE

Europay and MasterCard Plan to Merge Processing

Europay International SA and MasterCard International have announced that they will merge their technologies to build a single, global transaction-processing network. The move represents the next step in strategic alliance between the two companies aimed at increasing brand awareness and market strength.

More than 3.7 billion transactions a year serving nearly 11 million merchants and 24,000 financial institutions will be handled over the network when complete, say Europay and MasterCard. The architecture for the computer network is targeted for completion by the end of this year, with its initial use scheduled for sometime in 1994.

MasterCard's CEO, Alex W. (Pete) Hart, said the objective of the project is "to support our family of brands by delivering technology that meets the local, regional and global needs of our membership."

Freeport McMoRan Offers Gold Shares With a Payout

Freeport McMoRan Copper & Gold has issued a series of preferred shares that amount to a bet on the price of gold but also offer a dividend.

The shares, which trade on the New York Stock Exchange, will be redeemed in 2003 for one-tenth the price of an ounce of gold. That makes selling at close to \$360 an ounce, that makes their intrinsic value about \$36 a share. A standard 100-share lot is like owning 10 ounces of gold.

In some ways it is better than owning the physical metal. You don't have to store gold in a vault; your broker holds a piece of paper instead. And then there is the quarterly dividend, which is set at the value of 0.000875 ounces of gold, or an annual yield of 3.5 percent. If gold goes up, so do the shares and the dividend, and of course both go down if gold falls.

The dividend is a nice kicker, but it can be factored into the price of the shares, which often trade a few eighths of a point over fair value. On days when gold takes a big fall, however, the premium can be eliminated, and the shares may even trade at a discount.

Another potential disadvantage is that a brokerage commission must be paid to buy and sell the shares; this may or may not be higher than the commission for buying gold in other forms, such as coins. Also, there is always the possibility, although small, that Freeport McMoRan Copper & Gold will go bust and leave shareholders scrambling to get their money back.

Financial Physics: Talk Taxes, and Funds Flee

DRIVE across the border from Germany to Luxembourg, and the Mercedes in front of you may well have a trunk full of cash. This may seem far fetched, but the flight of capital from inside Germany borders appears to be reaching epidemic proportions.

Ever since it became clear last year that a 30 percent tax on interest income was to be introduced in January 1993, German money has been flowing across the border. There is nothing illegal about this, providing, of course, the income on the Luxembourg investments is disclosed to the tax authorities. But judging by the reaction of the German government, its citizens have not been forthcoming.

These figures give some idea of the scale of tax evasion, but they are not totally accurate. On one hand, they ignore the fact that some of this money may not be evading tax, but solely seeking types of investment funds that are not allowed in Germany, and, on the other hand, they ignore bank accounts and the money flowing into other European tax havens.

A spokesman for one German bank with a branch in Luxembourg said that many people who would not have had to pay the new tax had misunderstood it and transferred their money to the tax haven anyway. They had either assumed, wrongly, that because the new tax would be deducted from their interest income by the bank, the tax authorities would have also been told about previous income which had not been declared, or they had simply not been aware of the high thresholds.

He said it was normal for someone to walk into a Luxembourg bank branch with large sums of Deutsche marks in cash. The catalyst that got informal discussions about a pan-European withholding tax going again at the EC Commission was the beginning of the Belgian presidency last July. Belgium also borders Luxembourg, and so is naturally anxious to limit any temptation capital might have to cross the border.

Informal discussions have been going at an ad hoc group at the Commission in September, and the European Council of Economic and Finance Ministers will have an informal discussion in early October. Because it is informal, however, they do not have to make a decision.

At the same time the OECD has agreed to discuss the theme of a pan-European withholding tax. Without a broad agreement, stretching beyond the European Community, it is thought that any Community action would just force funds from Luxembourg to the other European tax havens outside.

But there is still some determined opposition. Britain opposed the initial attempts to introduce an EC-wide withholding tax in 1989 on the grounds that it was "retroactive and damaging." In this day and age, so the reasoning went, any such tax would just force the money to another tax haven. Even the broader measures marked for discussion at the OECD would not prevent money from being electronically transferred to tax havens further afield, its representatives believe.

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SPORTS

Giants Again Tie Braves, With 3 Games Left

The Associated Press

The schedule seems to favor the Atlanta Braves. The momentum may favor the San Francisco Giants.

Only one thing is for sure: With three days left, the Braves and Giants are again tied for first place in the NL West, each with 101 victories.

The Giants drew even on Thursday night, winning by 3-1 in Los Angeles after Atlanta lost, 10-8, at home to Houston.

"We were watching the game earlier and we have to thank the Astros for going down there and playing great baseball," said the Giants' manager, Dusty Baker, referring to the game in Atlanta. "That's what you need, some help from your friends. And now anybody playing the Braves is our friend."

The Braves finish the regular season with three games at home against Colorado. Atlanta is 10-0 against the Rockies.

The Giants close with three games at Dodger Stadium. San Francisco is 4-6 against Los Angeles.

Billy Swift pitched the Giants to their eighth victory in nine games. In Atlanta, John Smoltz was hit hard as the Braves led to 4-4 since taking a 3-1 game lead on Sept. 21.

Swift, tied with Atlanta's Tom Glavine for the league lead in victories, held the Dodgers to two hits and one run in seven innings.

Tom Candiotti pitched well, but errors set up two unearned runs.

The game was scoreless in the fourth when Jose Offerman misplayed a grounder at shortstop with two outs. Kirt Manwaring followed with an RBI single, and another run scored on the play when Cory Snyder's throw from right field went into the third-base dugout.

Matt Williams tripled with one out in the eighth and scored on Willie McGee's infield single for a 3-1 lead.

"You know the Giants wanted to win in the worst way," Candiotti said. "It should probably have been a 0-0 game going into the sixth or seventh."

Astros 10, Braves 8: Atlanta's three-run rally in the ninth fell short when Otis Nixon fouled out with runners on first and third to end the game.

The Braves lost two of three

games to Houston. They had won 14 straight games since losing to Montreal on Aug. 6-8.

Trailing by 10-5 in the ninth, the Braves tried to come back against Doug Jones. Terry Pendleton hit an RBI single with one out, and Damon Berryhill followed with an RBI single.

Mark Lemke grounded into a forecourt that scored one run and pinch-hitter Ryan Klasko singled. Nixon ran to third base.

Phillies 5, Phillies 0: Philadelphia was shut out for the first time in more than a year, ending its modern NL record of scoring in 174 straight games.

Tim Wakefield pitched a four-hitter that sent the visiting Phillies to their first shutout since Pittsburgh's Doug Drabek beat them by 3-0 on Sept. 19, 1992.

The previous NL record for games without a shutout was 150 by Pittsburgh in 1924-25. The major league record is 308 by the New York Yankees from August 1931 to August 1933.

Tommy Greene lost for the first time in 12 starts.

Mets 3, Cardinals 2: The Mets, who started the season with two victories at Shea Stadium, closed their home schedule with their third straight victory, stopping St. Louis.

New York went 28-53 at home, its worst record at Shea Stadium since having the same mark in 1979. The Mets are 56-103 overall, the poorest mark in the majors.

Expos 5, Marlins 3: Curtis Pride hit a two-out, two-run homer in the ninth inning and Montreal won at Florida.

The Marlins' third baseman, Gary Sheffield, made three errors — a day after signing a four-year, \$2.45 million contract.



Ken Caminiti beat the Braves' John Smoltz to the plate to score in Houston's 10-8 victory in Atlanta.

Senate Puts Off Antitrust Vote

The Associated Press

WASHINGTON — The Senate Judiciary Committee has backed away from voting on a bill that would strip baseball of its antitrust exemption, saying it wants to hold more hearings.

The committee chairman, Joseph R. Biden Jr., did not set a date on Thursday for the hearings and said a vote on the bill might be put off until early next year. But he admonished the owners for not hiring a commissioner since Fay Vincent's forced resignation last year.

"Unless baseball gets its act together in a way that is monumentally different from where they are now," he said, "this committee will be back with the votes that will change the status of baseball."

Did Somebody Say 'Pennant Races'?

The Associated Press

If you look at the standings now, it does not appear that there were any pennant races in the American League this season.

Going into the final weekend, the Toronto Blue Jays have an eight-game lead in the East, and the Chicago White Sox have a six-game lead in the West. Toronto's 6-2 victory over the Orioles in Baltimore on Thursday night was the Blue Jays' 16th victory in 18 games.

"I think you just try and stay sharp," the Blue Jays' AL ROUNDUP

John Olerud said. "That's the big thing. You just try and keep things going."

Alliter allowed two runs and four hits in six innings to win his third straight start. He struck out four, walked three and has given up only two runs in his last 21 innings.

"I think all the guys in here, down to the coaches and myself, we love to win the times," said Toronto's manager, Cito Gaston. "We don't like losing."

Who was Toronto's ninth consecutive road victory, a club record. The Orioles have lost 11 of 14, and dropped into fourth place in the AL East.

"This is not the way you want to finish the season," said Johnny Oates, the Baltimore manager. "We've

been playing some tough teams lately. When you put together the combination of playing good teams and us not playing well, it doesn't make for a good couple of weeks."

Mariners 2, White Sox 1: Mike Blowers hit a run-scoring single in the 11th inning in Chicago's final regular-season home game. Greg Litton led off the 11th with a double off Kirk McCaskill and Rich Amaral sacrificed before Blowers singled.

Twins 4, Angels 3: David McCarty led off the seventh with a bunt single, stole second and scored the winning run as Minnesota moved past visiting California into fifth place in the AL West.

Greg Brummett allowed seven hits in a career-high 7 2/3 innings, helping the Twins to their first six-game winning streak this season.

Rangers 6, Athletics 2: Texas' Juan Gonzalez hit his major league-leading 45th home run as he returned to the lineup against visiting Oakland after missing nine games because of a strained muscle in his lower back.

Tigers 7, Red Sox 4: In Boston, Danny Bautista drove in four runs, including the go-ahead run in the eighth, as Detroit won for the seventh time in eight games.

Europe's Minnows Draw Big Fish in Soccer Cups

The Associated Press

GENEVA — Danish soccer champion FC Copenhagen, a team that barely escaped the first round after a controversial victory, drew a hefty assignment Friday against AC Milan, one of the favorites, in the second round of the European Champions' Cup.

The draw conducted by UEFA, set the second-round pairings for Europe's three club cup competitions. The first-leg matches will be played Oct. 19-20, with the second legs on Nov. 2-3. (See Scoreboard)

Sixteen teams remain in contention for the Champions' Cup, the most prestigious of the three titles. The winners from the second round advance to the Champions' League, in which teams play a round-robin format to determine the two finalists.

Copenhagen qualified for the second round with a 4-0 victory at home over Linfield of Northern Ireland on Wednesday. The third goal, which led the aggregate score at 3-3, came five minutes into injury time while Linfield was protesting that the game was being allowed to run too long. Copenhagen then won the series with a goal in extra time.

AC Milan, the Italian champion,

advanced to the second round despite a lackluster performance in defeating Swiss champion FC Aarau on a 1-0 aggregate.

AS Monaco, named as France's representative in the Champions' Cup after Olympique Marseille, the defending champion, was banned over bribery allegations, will play Steaua Bucharest.

Galatasaray Istanbul, which beat Ireland's Cork City in the first round, will be making its second trip to the British Isles to play English champion Manchester United.

FC Barcelona, which had to rally against Dynamo Kiev in the first round, faces Austria Vienna.

In the Cup Winners' Cup, which has a knockout-style format throughout, the matchups feature defending champion Ajax of Amsterdam against Besiktas Istanbul, and Arsenal, the English FA Cup tilts, takes on Standard Liege of Belgium.

In the UEFA Cup, in which 32 teams remain alive in the second round, defending champion Juventus Turin of Italy will take on Kosovavijer of Norway.

So Far, So Fast? China's Women Runners Have West Agog

By Marc Bloom

New York Times Service

NEW YORK — In the late 1970s, Jim O'Neill, an American track coach living in Hong Kong, trained several Chinese women in distance running. One of them was Winnie Ng, the first woman of Chinese extraction to reach the world-class level in the marathon.

At a track meet between athletes from Hong Kong and China's Guangzhou Province, O'Neill learned of a sports academy for children in Guangzhou, and he dispatched Ng to find out how the academy worked. Barred from entering the school, Ng managed to sneak in and report back to her coach.

"The training programs were very systematic," O'Neill, now a teacher and coach in New York City, said as he recalled Ng's report. "They selected talented young kids from throughout the province, which has a population of 60 million. If you didn't perform well enough, you got kicked out. I knew there had to be similar academies on the national level throughout China."

Now, the effects of such a systematic approach in a nation of 1.2 billion people have sent shock waves through the international running community. As Chinese women have rewritten the record book in distance running, interest in their training system has soared.

In August, at the world track and field championships in Stuttgart, Chinese women captured the 1,500, 3,000 and 10,000 meters with breathtaking ease,

sweeping all three medals in the 3,000. Earlier this month, at their national games in Beijing, Chinese women smashed the world records in every one of those events.

"What surprised me," said O'Neill, "is that it took so long. I thought it would happen sooner."

In six days, from Sept. 8 through Sept. 13, Wang Junxia, 20, redefined many assumptions about human potential. First she ran the 10,000 meters in 29 minutes 31.78 seconds, to slash the world record by 42 seconds. Then she bettered the 1,500 record with a 3:51.92 while placing second, behind her teammate Qu Yunxia, who ran 3:50.46. Qu's performance is equivalent to a 4:08 mile, which raises the prospect of a four-minute mile for women in the near future.

Finally, Wang twice shattered the 3,000 mark, running 8:12.19 in a qualifying heat and 8:06.11 in the final. The old record, 8:22.62, had been untouched for nine years. Five Chinese obliterated it.

Last year, at the Barcelona Olympics, Chinese women took no medals in running. In the 10,000, they trailed the American Lyan Jennings, who captured the bronze medal in a U.S. record, 31:19.89. Now, in one giant step, the Chinese have leapt into the forefront. There has been nothing like it since the emergence of the male Kenyan distance runners in the late 1960s.

The performances have unleashed a torrent of suspicion and charges of drug use. The athletes' urine samples have

proved negative. Their next major competitions will be the Beijing marathon, Oct. 17, and the Asian track and field games in Manila, Nov. 30 to Dec. 4.

Amid the debate over the Chinese, the question of women's running capacity has been raised. Are more women capable of doing massive mileage but they've got great speed as well. I know of no women — or men — who can achieve both.

Dr. Jack Daniels, Sports physiologist

"That's what is so confounding," said Dr. Jack Daniels, an exercise physiologist at Cortland State University and a coach of world-class runners. "The Chinese are doing massive mileage but they've got great speed as well. I know of no women — or men — who can achieve both."

Daniels calculates that Wang's track performances predict a 2:17 marathon, equivalent to a sub-two-hour marathon for men. The women's world record stands at 2:21:06. In April, in China, Wang ran her second marathon, winning it in 2:24:07, as eight Chinese bettered the Chinese storm: at the time, running officials around the world assumed the course was short.

It was not the records themselves but the Chinese style of racing that stunned John Babington, coach of the Wellesley College women's cross-country team and an adviser to Jennings.

In her record 10,000 run of 29:31, Wang ran the last 3,000 in 8:17, better than the 3,000 world record at the time. "That's implausible," said Babington. "It shows she would be capable of 29 minutes flat."

In 1992, Wang's fastest 10,000 was 31:28. Her improvement of nearly two minutes in one year is questioned by Dr. David Costill of Ball State University, one of the world's foremost exercise physiologists, whose studies of distance runners form the foundation of most training theory.

"Her improvements," said Costill, "are too rapid for the normal development associated with training."

Grete Waitz of Norway, who won nine New York City marathon titles starting in 1978, gives the Chinese a wider berth.

"I'm convinced they know things we don't," she said. "They use herbal medicine and acupuncture. When it comes to recovery, it's amazing what you can do with needles."

Acupuncture is said to stimulate energy flow, alleviate pain and have recuperative effects.

What may distinguish these women most, speculates Daniels, is a unique combination of aerobic power and running economy.

"The great runners have one or the other, never both," said Daniels. "You wonder how the coach changes the odds in his favor."

For his part, Ma has attributed his runners' success to an elixir made of caterpillar fungus and a soup made from a soft-shelled turtle, traditional Chinese potions.

"Maybe there is something in one of those turtles," wonders Oodicki, who is training for the Tokyo marathon on Nov. 21.

"We'd like to know about it," she added. "We'd all like to have it so we can run these faster times."

DENNIS THE MENACE



"Mom likes the outdoors unless it comes indoors!"

PEANUTS



CALVIN AND HOBBES



BLONDIE



WIZARD of ID



REX MORGAN



GARFIELD



JUMBLE

Unscramble these four American names by using the letters in the words in the boxes below.

TOUHY: _____

HEMIC: _____

TEABED: _____

YENTIC: _____

Answer hints: _____

BEETLE BAILEY



DOONESBURY



WIZARD of ID



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SPORTS

In a Welsh Mining Town, Elegy for a Young Fighter and His Sport

CARDIFF, Wales — We drove out along the wrong side of the road to visit Johnny Owen, of whom I'd never heard. He was in the town of Merthyr Tydfil, which had had a good run in the previous century. In those days, it was bigger than Johnny Owen ever became. Only in 1980 did the town succumb to its fighter.

I came along because the boxing writer talked me into it. Partly this was because I had the car. In town, two men led us in a truck to the cemetery. Outside the brick wall, one of them got out and walked back to our car.

He was writing in his notebook a description of the grave, which was bounded by the stoniest wall of red brick. The earth was covered with lily green stones that would chime if anyone tried setting foot on Johnny's grave. Upon the stones was a row of four pots with new flowers dulled and beaten by the rain. On the headstone of

older headstones were buckling into the hill at various degrees. Some were lying face down in the dirt. Later we were told that most of the new caskets were lowered into occupied graves. Probably Johnny shared his plot with someone from Merthyr's best, painful years.

"There used to be a T-shirt that he wore," the woman said, "but that was taken by the previous proprietor. She shouldn't ought to have done that."

Montana Takes on Raiders' Interceptors

Raiders (2-1) at Chiefs (2-1): KEY STAT: Raiders have lost five straight at Kansas City, the Chiefs' Joe Montana is only NFL starter with no interceptions (none in 57 attempts).

Since then, Minnesota has dropped three straight in San Francisco. Jerry Rice has a league-high 24 receptions and will test the Vikings stout pass defense. 49ers by 9.

NFL MATCHUPS

point outing vs. Tampa Bay. The prospects do not look good. The Falcons have been outscored in rushing touchdowns by 7-1, in passing scores by 9-7, and have been outscored by 15-4. Bears by 5A.

Redskins (5-2) at Dolphins (2-1): KEY STAT: Redskins' rookie back Reggie Brooks rushed for 154 yards in last game, a loss to Philadelphia; Dolphins' safety Jarvis Williams (14) needs one interception to move into 10th place in all-time lists.

Lions (3-1) at Buccaneers (0-3): KEY STAT: Lions' back Barry Sanders leads the NFL with 475 yards rushing and receiving; Buccaneers have been outrushed 429 yards to 106 and allow 14.8 yards per catch.

Redskins (5-2) at Dolphins (2-1): KEY STAT: Redskins' rookie back Reggie Brooks rushed for 154 yards in last game, a loss to Philadelphia; Dolphins' safety Jarvis Williams (14) needs one interception to move into 10th place in all-time lists.

COMMENT: Rodney Peete is the No. 3 quarterback now behind Andre Ware and Erik Kramer as Ware makes his sixth pro start. This revolving door quarterback situation in Detroit that no doubt hurts continuity and raises questions and debate in the locker room. No matter, Detroit could win this one with Coach Wayne Fontes at quarterback. Lions by 7A.

COMMENT: An extra day to prepare should help Miami escape a letdown after its impressive triumph at Buffalo. Miami looked like a Super Bowl team, with a balanced, blocking offense and a defense that never rested. For Washington, Procter replaces Brian Mitchell as the starter at tailback and quarterback Gary Conkin makes his second career start. Dolphins by 4.

Packers (1-2) at Cowboys (1-2): KEY STAT: Packers are one of two NFC teams (along with Rams) that have not lost a fumble; Cowboys Emmitt Smith plays in his 50th career game and has 18,100-yard rushing games.

COMMENT: As an extra day to prepare should help Miami escape a letdown after its impressive triumph at Buffalo. Miami looked like a Super Bowl team, with a balanced, blocking offense and a defense that never rested. For Washington, Procter replaces Brian Mitchell as the starter at tailback and quarterback Gary Conkin makes his second career start. Dolphins by 4.

COMMENT: The Packers have stumbled in the closing seconds in consecutive losses to Philadelphia and Minnesota and now tackle a rested and in-gear Smith and the Dallas offense. Expect the Cowboys' offensive coordinator, Norv Turner, and the Green Bay coach, Mike Holmgren, to unveil solid offensive concepts and tricky play-calling. Cowboys by 10A.

These matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's.

Colts (2-1) at Broncos (2-1): KEY STAT: Colts are 0-4 at Mile High Stadium; Broncos have allowed three sacks but had permitted 10 at this juncture last season.

COMMENT: As an extra day to prepare should help Miami escape a letdown after its impressive triumph at Buffalo. Miami looked like a Super Bowl team, with a balanced, blocking offense and a defense that never rested. For Washington, Procter replaces Brian Mitchell as the starter at tailback and quarterback Gary Conkin makes his second career start. Dolphins by 4.

COMMENT: Seattle has shown nice improvement offensively to go with a robust defense that has 12 sacks, three by Cortez Johnson. San Diego has struggled offensively and quarterback Stan Humphries is questionable due to a sore shoulder. The Chargers' kicker, John Carney, should again make the difference in this matchup. He made six field goals vs. Seattle in the first meeting and has not missed this season on 13 attempts with a long conversion from 51 yards. Chargers by 3A.

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Chargers (2-1) at Seahawks (2-2): KEY STAT: Chargers won season-opener 18-12 over Seattle; Seahawks can win three straight games for first time since 1990.

COMMENT: An extra day to prepare should help Miami escape a letdown after its impressive triumph at Buffalo. Miami looked like a Super Bowl team, with a balanced, blocking offense and a defense that never rested. For Washington, Procter replaces Brian Mitchell as the starter at tailback and quarterback Gary Conkin makes his second career start. Dolphins by 4.

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Vikings (2-1) at 49ers (2-2): KEY STAT: Vikings own league's No. 1 pass defense, allowing only 138.7 yards per game; 49ers' Steve Young leads league in completions with 83.

COMMENT: An extra day to prepare should help Miami escape a letdown after its impressive triumph at Buffalo. Miami looked like a Super Bowl team, with a balanced, blocking offense and a defense that never rested. For Washington, Procter replaces Brian Mitchell as the starter at tailback and quarterback Gary Conkin makes his second career start. Dolphins by 4.

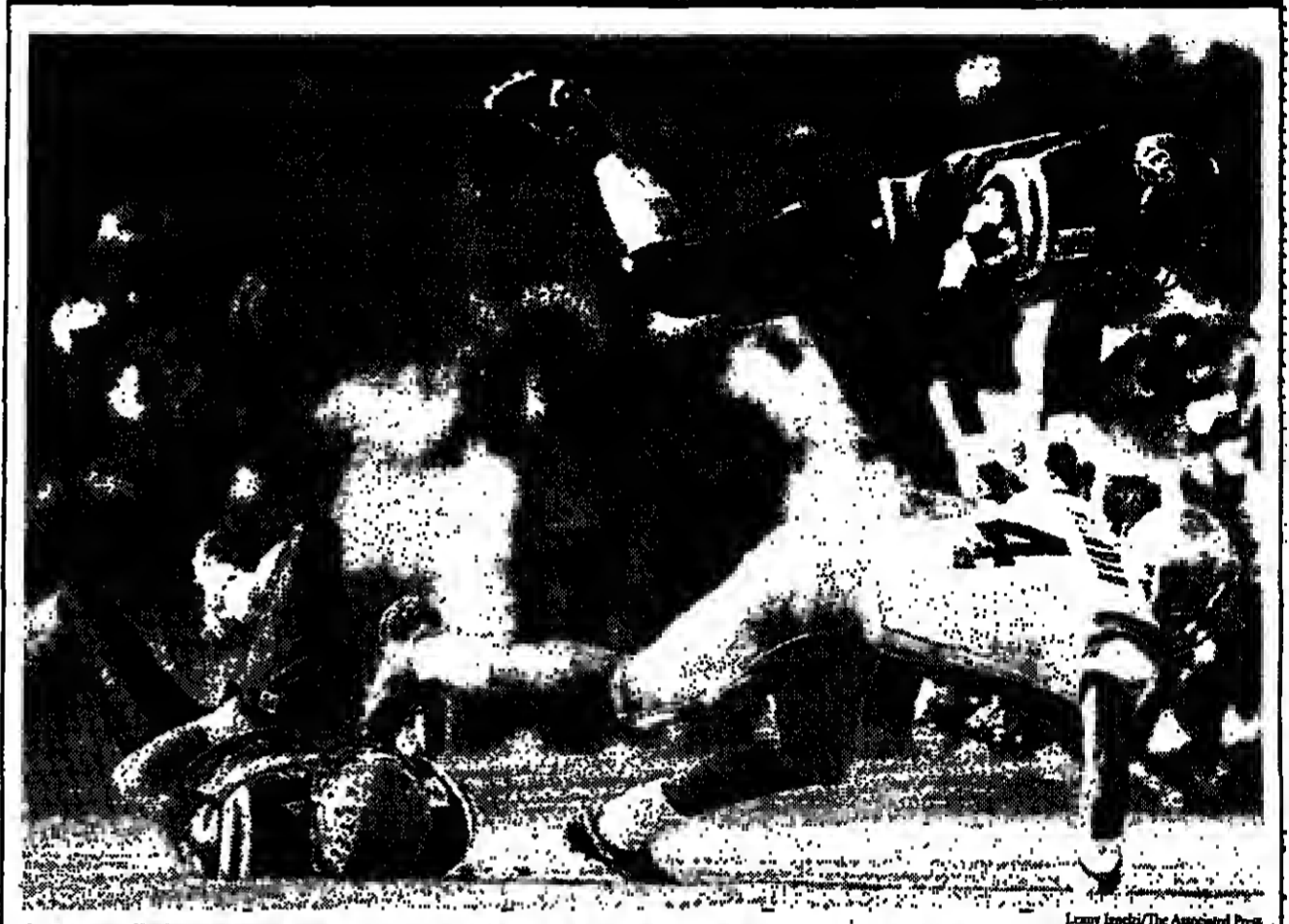
TAILS FROM LITERATURE By Warren W. Reich

- 1 Across 51 Moo 91 Arab chief 52 Hardy's cure 92 Clips 56 Couch or hot follower 96 Geatled 97 Socially inferior 101 Shakespeare's hero 103 Dickens's field oranges 105 Related 106 Yesterday, to Luigi 107 France's piece for Chopin 109 Prepares potatoes 109 — note 110 Campus administrator 111 Utah lilies 112 Plumber's cover 76 Housegown 77 Porters, e.g. form 78 Third Comb. 79 Ukr., e.g., formerly 80 Lewis's lane 84 "All that we seem": Poe 85 Souvenir garment 86 Follows 87 Sister of Anne and Charlotte 88 A convert in Torquemada's 89 Whilom spy gp. 90 Expire

© New York Times crossword puzzle grid with numbers 1-112.

Solution to Puzzle of Sept. 25-26. Grid with words filled in.

- 35 Blade of yore 50 Buzzing bog 68 Celestial hunter 90 Parisian quarter 36 Shakespeare's ale 52 More swifty 70 Part of TNT 91 Yellow-fever mosquito 37 Tossups 53 Expectant one 72 Craving 92 Thrust 38 Sound of embarrassment 54 Like most caps 73 Apologue 93 Backpack 39 Sagittarius figure 56 French doors 76 Disturb 94 Discharge 40 Paine's son 63 Heterogeneous 81 Brood of ducks 97 A sister of Pygmalion 42 Type of auditory verb 64 Yellowish pigment 82 Cause a bottleneck 98 Humane gp. 43 Small Scouts 65 A water pollutant 83 Show the wrong time of month 99 Hide's counterpart 45 Clay 66 Anglo-Saxon colts 84 Salts 100 Herbarius tongue 47 Pupils 67 Riding habit, e.g. 86 Warning signal 102 Rock 48 Gets an "F" for effort 13 Lead egg drink 14 Pullman 15 Steam filter 16 Elvis Presley 17 Prime time 18 Achievement 19 Continuously 20 Out-of-this-world org. 21 Wingoed 22 Kind of jury trying a kind of larceny 33 Where the burden rests? 34 Gets an "F" for effort



UCLA SHUTS DOWN FAULK — UCLA's Kevin Jordan (4) hitting the turf after an 18-yard gain on a pass play against San Diego State. UCLA held Marshall Faulk, the two-time national rushing leader and 1992 Heisman runner-up, to just 53 yards in a 52-13 rout. The Bruins' J. J. Stokes had touchdown catches of 36, 16 and 50 yards among five catches for 164 yards in San Diego.

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Toronto, Detroit, and St. Louis.

Baseball Results

Table showing baseball game results, including scores and key players like L. Van Pelt, H. Hoyle, and J. J. Stokes.

HOCKEY

NHL Preseason

Table showing NHL Preseason game results, including scores and key players like L. A. Clipperton and J. J. Stokes.

TRANSACTIONS

Table showing baseball transactions, including trades and signings for players like L. A. Clipperton and J. J. Stokes.

Japanese Leagues

Table showing Japanese League standings and results, including teams like Central League and Pacific League.

Thursday's Line Scores

Table showing Thursday's Line Scores for various sports, including baseball and basketball.

ESCORTS & GUIDES

Advertisement for BELGRAVIA, BELLE EPOCH, and MERCEDES, offering escort services and travel arrangements.

INTERNATIONAL CLASSIFIED

Advertisement for INTERNATIONAL CLASSIFIED, offering various services including escorts, guides, and travel arrangements.

DAVE BARRY

Beat That Soap Scum

MIAMI — I am pleased to report that, thanks to an important scientific advance, the human race may soon be able, after years of frustration and failure, to lick soap scum.

But then Subcommittee D-12.16 on Hard Surface Cleaning swung into action. According to the ASTM Standardization News article, researchers "went to coomers" homes and scraped off soap scum to analyze it.

To determine how cleansers are used in consumer households, the researchers also conducted what the article describes as "actual tests" in which they determined "when consumers stop wringing the water from their sponge and how much (cleanser) product they place on the sponge."

Armed with this information, the researchers developed a method for testing tile cleansers. The cleansers are tested on tiles that have been coated with laboratory scum, then heated in an oven.

Here on Earth, however, anti-soap-scum products are not effective. I base this statement on a recent nationwide survey of my Research Department, Judi Smith, who said: "The stuff they say gets rid of soap scum never ever works."

For many years the only prestigious international research institution working on the soap-scum problem was Heloise, who was always running hints from readers about it. ("Heloise, my soap-scum problem was so bad that my husband said he didn't even want to take a shower! So I made a mixture of three parts vinegar, one part lemon juice and two parts sulfuric acid, and I put it in his coffee.")

From Berlin to Berlin, a Writer's Life

By Mark Kurlansky

BERLIN—Monika Maron's new novel, "Silent Close No. 6," is her most scathing attack yet on the regime, but it will probably be her last. The regime is gone and her country has been dissolved. Where does that leave an East German writer like Maron after three dissident novels and a stack of outspoken newspaper columns?



Monika Maron: "East German writers are no longer regarded as exotic."

With the fall of the German Democratic Republic, East German writers have been left without a subject and stripped of their mystique. "East German writers are no longer regarded as exotic in the West," Maron said.

Unlike those in other East European countries, East German writers largely worked within the system. Maron did not leave until the year before the Wall came down.

Ironically, Maron, who displays no sympathy for their plight, saying "They deserve it," was protected from such compromises because she was too much of an insider to be recruited. The Stasi was not supposed to pursue the children of the high officials.

Born during the war, she was raised in a powerful Communist family. She grew up in Pankow, an area of northern East Berlin that in 1945 was one of Berlin's few undestroyed neighborhoods. It became the home of the ruling elite.

She complains that East Germans have already forgotten about the repression of the former regime. "Personal freedom is not an abstract thing. It is a concrete thing in your daily life. How little value that is given compared to money."

Berlin is still a divided city. The Osis and Wessis, as they call each other, still stick to their own sides. The Osis think the West is fast, heartless and materialistic. The Wessis think the East is slow-paced and backward.

Left without a cause, she is writing about a love affair set in Berlin. "I didn't write about the GDR. I wrote about my life. Almost all authors in the GDR came upon this subject. And now everyone can do what they want."

Mark Kurlansky is currently working on a book on postwar European Jewry to be published next year.

It is a book about how the system stifled thought, not with physical brutality, but with a suffocating system of incentives and disincentives.

The book was accepted by a publishing house but the government refused to grant a publishing permit. Unlike the frustrated heroine of her novel, Maron simply took her manuscript to West Germany where it was published in 1981 and won considerable praise and attention.

Meanwhile, Maron stayed in Pankow. She could no longer get any work. "My situation was actually very free," she said. "They didn't want anything more from me and I didn't get anything more from them."

Her second novel, "The Defector," was a surrealistic narration of a paralyzed woman seeking individualism in the conformist state. She was still comfortably employed in the East but had a growing reputation as a dissident in the West when "The Defector" was published in West Germany in 1986.

"My life was passing me by, and that I was there didn't even interest me anymore," she said. In 1988 she finally moved west.

Since the unification of Germany she has continued going against the grain of East German society. She regularly writes newspaper articles denouncing the growing dissatisfaction of East Germans. "They are really not poor. A poverty like in New York doesn't exist. The problem is not that they are not rich, they are not prosperous, but that they compare themselves to the West Germans."

PEOPLE

Big 3 Humanitarians: Mr. T Joins the Ranks

The Harvard Lampoon has added Mr. T to its list of great humanitarians. The magazine gave Mr. T, its Humanitas award for the socially conscious message of his "Mr. T and the T-Force" comic book, in which his crime-fighting character carries a video camera instead of a gun.

Finalists for the National Book Awards have been announced. The awards will be made Nov. 17. FICTION: "Come to Me" short stories by Amy Bloom; "The Fogles at Rest" short stories by Thom Jones; "Operation Wandering Soul," novel, Richard Powers; "The Shipping News," novel, E. Annie Proulx; "Swimming to the Volcano," novel, Bob Schacocinis.

The movie actor Wesley Snipes was fined \$2,700 and put on two years' probation in Los Angeles after pleading no contest to a misdemeanor charge of carrying a loaded weapon. Snipes's publicist said he is licensed to carry a gun in his home state of Florida and had registered his gun in California in Los Angeles to carry a concealed weapon.

Russell Baker makes his debut as the host of "Masterpiece Theater" on Sunday with a 90-minute BBC drama, "Selected Exits." The New York Times columnist replaces Alastair Cooke, who retired last year after 22 years as host.

INTERNATIONAL CLASSIFIED Appears on Pages 5 & 7

WEATHER

Weather forecast section including maps and tables for Europe, Asia, Africa, North America, Latin America, and Oceania. Includes a map of Europe with weather patterns and various temperature and precipitation data tables.

POSTCARD

Postcard section titled "In the Galapagos, Tourists, Burglars and Bureaucracy" by James Brooke. Includes a map of the Galapagos Islands and text describing the island's unique environment, tourism, and the challenges faced by the local population.

Large advertisement for AT&T Access Numbers. Features the headline "I wonder if the little guy had fun today?" and a list of international access numbers for various countries. Includes the AT&T logo and a small image of a person.

Large advertisement on the right side of the page, partially visible. Includes the text "Bottles" and "Berpo" and a large image of a person's face.